Exhibit 2

VRX US $ ↑ 28.62 +.56 N28.60/28.61P 251x3
At 17:05 d Vol 18,080,499 O 27.81K H 28.93T L 27.35Y Val 510.608M

VRX US Equity | 96) Export to Excel | Historical OHLC with % Chg

Valeant Pharmaceuticals International Inc

Range 12/31/2008 - 12/31/2008 Period Daily Currency USD

View OHLC with % Chg

High 9.49 on 12/31/08
Low 9.25 on 12/31/08
Average 9.45
Net Chg .00 0.00%

Date	Close & Open		Net Change	% Change	High & Low		Net Change	% Change
We 12/31/08	Close	9.45	+.22	+2.38%	High	9.49	+.26	+2.82%
	Open	9.28	+.05	+0.54%	Low	9.25	+.02	+0.22%

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VRX US $ ↑ 28.62 +.56 N28.60/28.61P 251x3
At 17:05 d Vol 18,080,499 O 27.81K H 28.93T L 27.35Y Val 510.608M

VRX US Equity | 96) Export to Excel | Historical OHLC with % Chg

Valeant Pharmaceuticals International Inc

Range 12/31/2014 - 12/31/2014 Period Daily Currency USD

View OHLC with % Chg

High	143.99 on 12/31/14
Low	142.63 on 12/31/14
Average	143.11
Net Chg	.00 0.00%

Date	Close & Open		Net Change	% Change	High & Low		Net Change	% Change
We 12/31/14	Close	143.11	+.09	+0.06%	High	143.99	+.97	+0.68%
	Open	143.87	+.85	+0.59%	Low	142.63	-.39	-0.27%

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VRX US $ ↑ 28.62 +.56 N28.60/28.61P 251x3
At 17:05 d Vol 18,080,499 O 27.81K H 28.93T L 27.35Y Val 510.608M

VRX US Equity | 96) Export to Excel | Historical OHLC with % Chg

Valeant Pharmaceuticals International Inc

Range 09/18/2015 - 09/28/2015 Period Daily Currency USD

View OHLC with % Chg

High	245.82	on 09/21/15
Low	159.44	on 09/28/15
Average	211.511	
Net Chg	-75.64	-31.24%

	Date	Close & Open		Net Change	% Change	High & Low		Net Change	% Change
Mo	09/28/15	Close	166.50	-32.97	-16.53%	High	206.51	+7.04	+3.53%
		Open	196.73	-2.74	-1.37%	Low	159.44	-40.03	-20.07%
Fr	09/25/15	Close	199.47	-10.03	-4.79%	High	214.716	+5.216	+2.49%
		Open	212.14	+2.64	+1.26%	Low	189.00	-20.50	-9.79%
Th	09/24/15	Close	209.50	-7.71	-3.55%	High	217.07	-.14	-0.06%
		Open	216.42	-.79	-0.36%	Low	205.38	-11.83	-5.45%
We	09/23/15	Close	217.21	+.45	+0.21%	High	225.54	+8.78	+4.05%
		Open	219.20	+2.44	+1.13%	Low	216.10	-.66	-0.30%
Tu	09/22/15	Close	216.76	-12.24	-5.34%	High	223.95	-5.05	-2.21%
		Open	222.91	-6.09	-2.66%	Low	214.00	-15.00	-6.55%
Mo	09/21/15	Close	229.00	-13.14	-5.43%	High	245.82	+3.68	+1.52%
		Open	243.40	+1.26	+0.52%	Low	220.86	-21.28	-8.79%
Fr	09/18/15	Close	242.14	+1.13	+0.47%	High	242.65	+1.64	+0.68%
		Open	237.19	-3.82	-1.58%	Low	237.19	-3.82	-1.58%

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VRX US Equity | 96) Export to Excel | Historical OHLC with % Chg

Valeant Pharmaceuticals International Inc

Range 10/16/2015 - 10/30/2015 Period Daily Currency USD

View OHLC with % Chg

High 179.83 on 10/16/15
Low 88.50 on 10/21/15
Average 124.965
Net Chg -83.79 -47.19%

	Date		Close & Open	Net Change	% Change		High & Low	Net Change	% Change
We	10/28/15	Close	117.00	+7.46	+6.81%	High	118.00	+8.46	+7.72%
		Open	109.40	-.14	-0.13%	Low	108.20	-1.34	-1.22%
Tu	10/27/15	Close	109.54	-.50	-0.45%	High	114.20	+4.16	+3.78%
		Open	112.49	+2.45	+2.23%	Low	108.74	-1.30	-1.18%
Mo	10/26/15	Close	110.04	-6.12	-5.27%	High	118.00	+1.84	+1.58%
		Open	110.00	-6.16	-5.30%	Low	106.03	-10.13	-8.72%
Fr	10/23/15	Close	116.16	+6.29	+5.72%	High	121.69	+11.82	+10.76%
		Open	117.06	+7.19	+6.54%	Low	111.64	+1.77	+1.61%
Th	10/22/15	Close	109.87	-8.74	-7.37%	High	115.50	-3.11	-2.62%
		Open	110.01	-8.60	-7.25%	Low	94.26	-24.35	-20.53%
We	10/21/15	Close	118.61	-28.13	-19.17%	High	148.66	+1.92	+1.31%
		Open	148.005	+1.265	+0.86%	Low	88.50	-58.24	-39.69%
Tu	10/20/15	Close	146.74	-17.09	-10.43%	High	162.90	-.93	-0.57%
		Open	159.02	-4.81	-2.94%	Low	145.35	-18.48	-11.28%
Mo	10/19/15	Close	163.83	-13.73	-7.73%	High	171.50	-6.06	-3.41%
		Open	169.80	-7.76	-4.37%	Low	159.24	-18.32	-10.32%
Fr	10/16/15	Close	177.56	+8.69	+5.15%	High	179.83	+10.96	+6.49%
		Open	172.11	+3.24	+1.92%	Low	170.85	+1.98	+1.17%

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Backpage

VRX US Equity | 96) Export to Excel | Historical OHLC with % Chg

Valeant Pharmaceuticals International Inc

Range 10/16/2015 - 10/30/2015 Period Daily Currency USD

View OHLC with % Chg

High 179.83 on 10/16/15
Low 88.50 on 10/21/15
Average 124.965
Net Chg -83.79 -47.19%

	Date	Close & Open		Net Change	% Change	High & Low		Net Change	% Change
Fr	10/30/15	Close	93.77	-17.73	-15.90%	High	108.79	-2.71	-2.43%
		Open	103.30	-8.20	-7.35%	Low	90.46	-21.04	-18.87%
Th	10/29/15	Close	111.50	-5.50	-4.70%	High	127.08	+10.08	+8.62%
		Open	116.76	-.24	-0.21%	Low	104.00	-13.00	-11.11%
We	10/28/15	Close	117.00	+7.46	+6.81%	High	118.00	+8.46	+7.72%
		Open	109.40	-.14	-0.13%	Low	108.20	-1.34	-1.22%
Tu	10/27/15	Close	109.54	-.50	-0.45%	High	114.20	+4.16	+3.78%
		Open	112.49	+2.45	+2.23%	Low	108.74	-1.30	-1.18%
Mo	10/26/15	Close	110.04	-6.12	-5.27%	High	118.00	+1.84	+1.58%
		Open	110.00	-6.16	-5.30%	Low	106.03	-10.13	-8.72%
Fr	10/23/15	Close	116.16	+6.29	+5.72%	High	121.69	+11.82	+10.76%
		Open	117.06	+7.19	+6.54%	Low	111.64	+1.77	+1.61%
Th	10/22/15	Close	109.87	-8.74	-7.37%	High	115.50	-3.11	-2.62%
		Open	110.01	-8.60	-7.25%	Low	94.26	-24.35	-20.53%
We	10/21/15	Close	118.61	-28.13	-19.17%	High	148.66	+1.92	+1.31%
		Open	148.005	+1.265	+0.86%	Low	88.50	-58.24	-39.69%
Tu	10/20/15	Close	146.74	-17.09	-10.43%	High	162.90	-.93	-0.57%
		Open	159.02	-4.81	-2.94%	Low	145.35	-18.48	-11.28%
Mo	10/19/15	Close	163.83	-13.73	-7.73%	High	171.50	-6.06	-3.41%
		Open	169.80	-7.76	-4.37%	Low	159.24	-18.32	-10.32%

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VRX US $ ↑ 28.62 +.56 N28.60/28.61P 251x3
At 17:05 d Vol 18,080,499 O 27.81K H 28.93T L 27.35Y Val 510.608M

VRX US Equity | 96) Export to Excel | Historical OHLC with % Chg

Valeant Pharmaceuticals International Inc

Range 03/14/2016 - 03/21/2016 Period Daily Currency USD

View OHLC with % Chg

High	70.43	on 03/14/16
Low	25.985	on 03/21/16
Average	36.957	
Net Chg	-40.06	-58.02%

	Date	Close & Open		Net Change	% Change	High & Low		Net Change	% Change
Mo	03/21/16	Close	28.98	+2.00	+7.41%	High	31.59	+4.61	+17.09%
		Open	26.10	-.88	-3.26%	Low	25.985	-.995	-3.69%
Fr	03/18/16	Close	26.98	-2.71	-9.13%	High	30.93	+1.24	+4.18%
		Open	30.04	+.35	+1.18%	Low	26.72	-2.97	-10.00%
Th	03/17/16	Close	29.69	-3.85	-11.48%	High	33.70	+.16	+0.48%
		Open	33.62	+.08	+0.24%	Low	29.52	-4.02	-11.99%
We	03/16/16	Close	33.54	+.03	+0.09%	High	35.82	+2.31	+6.89%
		Open	33.02	-.49	-1.46%	Low	31.20	-2.31	-6.89%
Tu	03/15/16	Close	33.51	-35.53	-51.46%	High	53.90	-15.14	-21.93%
		Open	53.50	-15.54	-22.51%	Low	33.01	-36.03	-52.19%
Mo	03/14/16	Close	69.04	-.51	-0.73%	High	70.43	+.88	+1.27%
		Open	69.55	+.00	+0.00%	Low	66.68	-2.87	-4.13%

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VRX US $ ↑ 28.62 +.56 N28.60/28.61P 251x3
At 17:05 d Vol 18,080,499 O 27.81K H 28.93T L 27.35Y Val 510.608M

VRX US Equity | 96) Export to Excel | Historical OHLC with % Chg

Valeant Pharmaceuticals International Inc

Range 04/04/2016 - 04/05/2016 Period Daily Currency USD

View OHLC with % Chg

High	29.91 on 04/05/16
Low	25.27 on 04/04/16
Average	27.42
Net Chg	2.62 10.03%

	Date	Close & Open		Net Change	% Change	High & Low		Net Change	% Change
Tu	04/05/16	Close	28.73	+2.62	+10.03%	High	29.91	+3.80	+14.55%
		Open	29.60	+3.49	+13.37%	Low	27.79	+1.68	+6.43%
Mo	04/04/16	Close	26.11	-1.99	-7.08%	High	29.00	+.90	+3.20%
		Open	28.38	+.28	+1.00%	Low	25.27	-2.83	-10.07%

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VRX US $ ↑ 28.62 +.56 N28.60/28.61P 251x3
At 17:05 d Vol 18,080,499 O 27.81K H 28.93T L 27.35Y Val 510.608M

VRX US Equity | Export to Excel | Historical OHLC with % Chg

Valeant Pharmaceuticals International Inc

Range 06/07/2016 - 06/07/2016 Period Daily Currency USD

View OHLC with % Chg

High	25.72	on	06/07/16
Low	22.52	on	06/07/16
Average	24.64		
Net Chg	.00		0.00%

Date	Close & Open		Net Change	% Change	High & Low		Net Change	% Change
Tu 06/07/16	Close	24.64	-4.21	-14.59%	High	25.72	-3.13	-10.85%
	Open	23.80	-5.05	-17.50%	Low	22.52	-6.33	-21.94%

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Exhibit 3

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended **December 31, 2013**

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 001-14956

VALEANT PHARMACEUTICALS INTERNATIONAL, INC.

(Exact Name of Registrant as Specified in its Charter)

BRITISH COLUMBIA, CANADA State or other jurisdiction of incorporation or organization	**98-0448205** (I.R.S. Employer Identification No.)

2150 St. Elzéar Blvd. West
Laval, Quebec
Canada, H7L 4A8B
(Address of principal executive offices)

Registrant's telephone number, including area code **(514) 744-6792**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Shares, No Par Value	**New York Stock Exchange, Toronto Stock Exchange**

Securities registered pursuant to section 12(g) of the Act:

None
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or Section 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒	Accelerated filer ☐	Non-accelerated filer ☐	Smaller reporting company ☐

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the common shares held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter was $25,293,645,000 based on the last reported sale price on the New York Stock Exchange on June 28, 2013.

The number of outstanding shares of the registrant's common stock, as of February 21, 2014 was 334,869,413.

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates certain information by reference from the registrant's proxy statement for the 2014 Annual Meeting of Shareholders. Such proxy statement will be filed no later than 120 days after the close of the registrant's fiscal year ended December 31, 2013.

Basis of Presentation

General

Except where the context otherwise requires, all references in this Annual Report on Form 10-K ("Form 10-K") to the "Company", "we", "us", "our" or similar words or phrases are to Valeant Pharmaceuticals International, Inc. and its subsidiaries, taken together. In this Form 10-K, references to "$" and "US$" are to United States dollars, references to "C$" are to Canadian dollars, references to "€" are to Euros, references to "AUD$" are to Australian dollars, references to "R$" are to Brazilian real, references to "MXN$" are to Mexican peso, references to "PLN" are to Polish zloty and references to "¥" are to Japanese yen. Unless otherwise indicated, the statistical and financial data contained in this Form 10-K are presented as of December 31, 2013.

Trademarks

The following words are some of the trademarks in our Company's trademark portfolio and are the subject of either registration, or application for registration, in one or more of Canada, the United States of America (the "U.S.") or certain other jurisdictions: ACANYA®, AFEXA®, AKREOS®, AMBI®, ANTI-ANGIN®, ANTIGRIPPIN®, ARESTIN®, ATRALIN®, B&L®, B+L®, BAUSCH & LOMB®, BAUSCH + LOMB®, BEDOYECTA®, BENZACLIN®, BESIVANCE®, BIAFINE®, BIOTRUE®, BIOVAIL®, CALADRYL®, CARAC®, CARDIZEM®, CERAVE®, CESAMET®, CLEAR + BRILLIANT®, CLODERM®, COLD-FX®, COLDSORE-FX®, COMFORTMOIST®, CONDITION & ENHANCE®, CORN HUSKERS®, CORTAID®, CRYSTALENS®, DERMAGLOW®, DERMIK®, DIASTAT®, DIFFLAM®, DUROMINE®, DURO-TUSS®, EFUDEX®, ELASTIDERM®, ERTACZO®, FRAXEL®, HYPERGEL™, JUBLIA®, LACRISERT®, LIPOSONIX®, LODALIS™, LOTEMAX®, LUZU™, MEDICIS®, MEPHYTON®, METERMINE®, MOISTURESEAL™, NU-DERM®, OBAGI®, OBAGI NU-DERM®, OBAGI CLENZIDERM®, OBAGI-C®, OCUVITE®, ORTHO DERMATOLOGICS®, PERLANE®, PERLANE-L®, POTIGA®, PRESERVISION®, PROLENSA®, PUREVISION®, PURPOSE®, RENOVA®, RENU®, RENU MULTIPLUS®, RESTYLANE®, RESTYLANE-L®, RETIN-A MICRO®, RIKODEINE®, SCULPTRA®, SCULPTRA AESTHETIC®, SHOWER TO SHOWER®, SOFLENS®, SOLODYN®, SOLTA MEDICAL®, STELLARIS®, SYPRINE®, TARGRETIN®, THERMAGE®, THERMAGE CPT®, TIAZAC®, TROBALT®, VALEANT®, VALEANT V & DESIGN®, VALEANT PHARMACEUTICALS & DESIGN®, VANOS®, VICTUS®, XENAZINE®, ZIANA®, and ZYCLARA®.

WELLBUTRIN®, WELLBUTRIN® XL, WELLBUTRIN XL® and ZOVIRAX® are trademarks of The GlaxoSmithKline Group of Companies and are used by us under license. ULTRAM® is a trademark of Johnson & Johnson and is used by us under license. MVE® is a registered trademark of DFB Technology Ltd. and is used by us under license. ELIDEL® and XERESE® are registered trademarks of Meda Pharma SARL and are used by us under license. VISUDYNE® is a registered trademark of Novartis Pharma AG and is used by us under license. DYSPORT® is a registered trademark of Ipsen Biopharm Limited and is used by us under license. MONOPRIL®, CEFZIL®, DURACEF® and MEGACE® are registered trademarks of Bristol-Myers Squibb Company and are used by us under license. BENSAL HP® is a registered trademark and is used by us under license from SMG Pharmaceuticals, LLC. EMERVEL® is a registered trademark of Galderma S.A. and is used by us under license. NEOTENSIL™ is a trademark of Living Proof, Inc. and is used by us under license. OPANA® is a registered trademark of Endo Pharmaceuticals Inc. and is used by us under license.

In addition to the trademarks noted above, we have filed trademark applications and/or obtained trademark registrations for many of our other trademarks in the U.S., Canada and in other jurisdictions and have implemented, on an ongoing basis, a trademark protection program for new trademarks.

Forward-Looking Statements

Caution regarding forward-looking information and statements and "Safe-Harbor" statements under the U.S. Private Securities Litigation Reform Act of 1995:

To the extent any statements made in this Annual Report on Form 10-K contain information that is not historical, these statements are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and may be forward-looking information within the meaning defined under applicable Canadian securities legislation (collectively, "forward-looking statements").

These forward-looking statements relate to, among other things: the expected benefits of our acquisitions and other transactions, such as cost savings, operating synergies and growth potential of the Company; business plans and prospects, prospective products or product approvals, future performance or results of current and anticipated products; exposure to foreign currency exchange rate changes and interest rate changes; the outcome of contingencies, such as certain litigation and regulatory

proceedings; general market conditions; and our expectations regarding our financial performance, including revenues, expenses, gross margins, liquidity and income taxes.

Forward-looking statements can generally be identified by the use of words such as "believe", "anticipate", "expect", "intend", "estimate", "plan", "continue", "will", "may", "could", "would", "target", "potential" and other similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. These forward-looking statements may not be appropriate for other purposes. Although we have indicated above certain of these statements set out herein, all of the statements in this Form 10-K that contain forward-looking statements are qualified by these cautionary statements. Although we believe that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making forward-looking statements, including, but not limited to, factors and assumptions regarding the items outlined above. Actual results may differ materially from those expressed or implied in such statements. Important factors that could cause actual results to differ materially from these expectations include, among other things, the following:

- *the challenges and difficulties associated with managing the rapid growth of our Company and a larger, more complex business;*
- *the introduction of generic competitors of our brand products;*
- *the introduction of products that compete against our products that do not have patent or data exclusivity rights, which products represent a significant portion of our revenues;*
- *our ability to compete against companies that are larger and have greater financial, technical and human resources than we do, as well as other competitive factors, such as technological advances achieved, patents obtained and new products introduced by our competitors;*
- *our ability to identify, acquire, close and integrate acquisition targets successfully and on a timely basis;*
- *factors relating to the integration of the companies, businesses and products acquired by the Company (including the integration relating to our recent acquisitions of Solta Medical, Inc. ("Solta Medical"), Bausch & Lomb Holdings Incorporated ("B&L"), Obagi Medical Products, Inc. ("Obagi"), and Medicis Pharmaceutical Corporation ("Medicis")), such as the time and resources required to integrate such companies, businesses and products, the difficulties associated with such integrations (including potential disruptions in sales activities and potential challenges with information technology systems integrations), the difficulties and challenges associated with entering into new business areas and new geographic markets, the difficulties, challenges and costs associated with managing and integrating new facilities, equipment and other assets, and the achievement of the anticipated benefits from such integrations;*
- *factors relating to our ability to achieve all of the estimated synergies from our acquisitions, including from our recent acquisition of B&L (which we anticipate will be greater than $850 million), as a result of cost-rationalization and integration initiatives. These factors may include greater than expected operating costs, the difficulty in eliminating certain duplicative costs, facilities and functions, and the outcome of many operational and strategic decisions, some of which have not yet been made;*
- *our ability to secure and maintain third party research, development, manufacturing, marketing or distribution arrangements;*
- *our eligibility for benefits under tax treaties and the continued availability of low effective tax rates for the business profits of certain of our subsidiaries;*
- *our substantial debt and debt service obligations and their impact on our financial condition and results of operations;*
- *our future cash flow, our ability to service and repay our existing debt and our ability to raise additional funds, if needed, in light of our current and projected levels of operations, acquisition activity and general economic conditions;*
- *interest rate risks associated with our floating debt borrowings;*
- *the risks associated with the international scope of our operations, including our presence in emerging markets and the challenges we face when entering new geographic markets (including the challenges created by new and different regulatory regimes in those markets);*
- *adverse global economic conditions and credit market and foreign currency exchange uncertainty in the countries in which we do business;*

- *economic factors over which the Company has no control, including changes in inflation, interest rates, foreign currency rates, and the potential effect of such factors on revenues, expenses and resulting margins;*
- *our ability to retain, motivate and recruit executives and other key employees;*
- *our ability to obtain and maintain sufficient intellectual property rights over our products and defend against challenge to such intellectual property;*
- *the outcome of legal proceedings, investigations and regulatory proceedings;*
- *the risk that our products could cause, or be alleged to cause, personal injury and adverse effects, leading to potential lawsuits and/or withdrawals of products from the market;*
- *the availability of and our ability to obtain and maintain adequate insurance coverage and/or our ability to cover or insure against the total amount of the claims and liabilities we face;*
- *the difficulty in predicting the expense, timing and outcome within our legal and regulatory environment, including, but not limited to, the U.S. Food and Drug Administration, Health Canada and other regulatory approvals, legal and regulatory proceedings and settlements thereof, the protection afforded by our patents and other intellectual and proprietary property, successful generic challenges to our products and infringement or alleged infringement of the intellectual property of others;*
- *the results of continuing safety and efficacy studies by industry and government agencies;*
- *the availability and extent to which our products are reimbursed by government authorities and other third party payors, as well as the impact of obtaining or maintaining such reimbursement on the price of our products;*
- *the inclusion of our products on formularies or our ability to achieve favorable formulary status, as well as the impact on the price of our products in connection therewith;*
- *the impact of price control restrictions on our products, including the risk of mandated price reductions;*
- *the success of preclinical and clinical trials for our drug development pipeline or delays in clinical trials that adversely impact the timely commercialization of our pipeline products, as well as factors impacting the commercial success of our currently marketed products, which could lead to material impairment charges;*
- *the results of management reviews of our research and development portfolio, conducted periodically and in connection with certain acquisitions, the decisions from which could result in terminations of specific projects which, in turn, could lead to material impairment charges;*
- *negative publicity or reputational harm to our products and business;*
- *the uncertainties associated with the acquisition and launch of new products, including, but not limited to, the acceptance and demand for new pharmaceutical products, and the impact of competitive products and pricing;*
- *our ability to obtain components, raw materials or finished products supplied by third parties and other manufacturing and related supply difficulties, interruptions and delays;*
- *the disruption of delivery of our products and the routine flow of manufactured goods;*
- *the seasonality of sales of certain of our products;*
- *declines in the pricing and sales volume of certain of our products that are distributed by third parties, over which we have no or limited control;*
- *compliance with, or the failure to comply with, health care "fraud and abuse" laws and other extensive regulation of our marketing, promotional and pricing practices, worldwide anti-bribery laws (including the U.S. Foreign Corrupt Practices Act), worldwide environmental laws and regulation and privacy and security regulations;*
- *the impacts of the Patient Protection and Affordable Care Act (as amended) and other legislative and regulatory healthcare reforms in the countries in which we operate;*
- *interruptions, breakdowns or breaches in our information technology systems; and*

- *other risks detailed from time to time in our filings with the U.S. Securities and Exchange Commission (the "SEC") and the Canadian Securities Administrators (the "CSA"), as well as our ability to anticipate and manage the risks associated with the foregoing.*

Additional information about these factors and about the material factors or assumptions underlying such forward-looking statements may be found elsewhere in this Form 10-K, under Item 1A. "Risk Factors", and in the Company's other filings with the SEC and CSA. We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. These forward-looking statements speak only as of the date made. We undertake no obligation to update any of these forward-looking statements to reflect events or circumstances after the date of this Form 10-K or to reflect actual outcomes, except as required by law.

Marketing and Customers

Our top four geographic markets by country, based on 2013 revenue, are: the U.S. and Puerto Rico, Canada, Poland and Russia, which represent 55%, 7%, 5% and 4% of our total revenue for the year ended December 31, 2013, respectively.

The following table identifies external customers that accounted for 10% or more of our total revenue during the year ended December 31, 2013:

	Percentage of Total Revenue 2013
McKesson Corporation	19%
Cardinal Health, Inc.	13%

No other customer generated over 10% of our total revenues.

We currently promote our pharmaceutical products to physicians, hospitals, pharmacies and wholesalers through our own sales force and sell through wholesalers. In some limited markets, we additionally sell directly to physicians, hospitals and large drug store chains and we sell through distributors in countries where we do not have our own sales staff. As part of our marketing program for pharmaceuticals, we use direct mailings, advertise in trade and medical periodicals, exhibit products at medical conventions and sponsor medical education symposia.

Competition

Competitive Landscape for Products and Products in Development

The pharmaceutical and medical device industries are highly competitive. Our competitors include specialty and other large pharmaceutical companies, medical device companies, biotechnology companies, OTC companies and generic manufacturers, in the U.S., Canada, the EU and in other countries in which we market our products. The market for eye health products is very competitive, both across product categories and geographies. In addition to larger diversified pharmaceutical and medical device companies, we face competition in the eye health market from mid-size and smaller, regional and entrepreneurial companies with fewer products in niche areas or regions. The dermatology competitive landscape is highly fragmented, with a large number of mid-size and smaller companies competing in both the prescription sector and the OTC and cosmeceutical sectors.

Our competitors are pursuing the development and/or acquisition of pharmaceuticals, medical devices and OTC products that target the same diseases and conditions that we are targeting in eye health, dermatology, aesthetics, neurology and other therapeutic areas. Academic and other research and development institutions may also develop products or technologies that compete with our products, which technologies and products may be acquired or licensed by our competitors. These competitors may have greater financial, R&D or marketing resources than we do. If competitors introduce new products, delivery systems or processes with therapeutic or cost advantages, our products can be subject to progressive price reductions or decreased volume of sales, or both. Most new products that we introduce must compete with other products already on the market or products that are later developed by competitors.

We sell a broad range of products, and competitive factors vary by product line and geographic area in which the products are sold. The principal methods of competition for our products include quality, efficacy, market acceptance, price, and marketing and promotional efforts.

Generic Competition

We face increased competition from manufacturers of generic pharmaceutical products when patents covering certain of our currently marketed products expire or are successfully challenged. Generic versions are generally significantly less expensive than branded versions, and, where available, may be required in preference to the branded version under third party reimbursement programs, or substituted by pharmacies. Manufacturers of generic pharmaceuticals typically invest far less in research and development than research-based pharmaceutical companies and therefore can price their products significantly lower than branded products. Accordingly, when a branded product loses its market exclusivity, it normally faces intense price competition from generic forms of the product. To successfully compete for business with managed care and pharmacy benefits management organizations, we must often demonstrate that our products offer not only medical benefits but also cost advantages as compared with other forms of care.

A number of our products already face generic competition, including Cesamet®, BenzaClin®, Cardizem® CD and Wellbutrin XL® (both in the U.S. and Canada), all of which had generic competitors during 2013. In April 2013, a generic version

of Zovirax® ointment was introduced by Mylan Inc, and, in August 2013, a generic competitor to Retin-A Micro® was launched. In addition, certain of our products face the expiration of their patent and regulatory exclusivity in 2014 or in later years, following which we anticipate generic competition of these products, including Vanos® for which a generic competitor was launched in January 2014.

In addition, for a number of our products, we have commenced infringement proceedings against potential generic competitors in the U.S. and Canada. If we are not successful in these proceedings, we may face increased generic competition for these products. See note 24 of notes to consolidated financial statements in Item 15 of this Form 10-K for additional details regarding such potential infringement proceedings.

Manufacturing

We currently operate 38 manufacturing plants worldwide. All of our manufacturing facilities that require certification from the FDA, Health Canada or foreign agencies have obtained such approval.

We also subcontract the manufacturing of certain of our products, including products manufactured under the rights acquired from other pharmaceutical companies. Generally, acquired products continue to be produced for a specific period of time by the selling company. During that time, we integrate the products into our own manufacturing facilities or initiate toll manufacturing agreements with third parties.

Products representing the majority of our product sales are produced by third party manufacturers under toll manufacturing arrangements.

In some cases, the principal raw materials, including active pharmaceutical ingredient, used by us (or our third party manufacturers) for our various products are purchased in the open market or are otherwise available from several sources. However, some of the active pharmaceutical ingredient and other raw materials are currently available from a single source and others may in the future become available from only one source. In addition, in some cases, only a single source of such active pharmaceutical ingredient is identified in filings with regulatory agencies, including the FDA, and cannot be changed without prior regulatory approval. Any disruption in the supply of any such active pharmaceutical ingredient or other raw material or an increase in the cost of such material could adversely impact our ability to manufacture such products, the ability of our third party manufacturers to supply us with such products, or our profitability. We attempt to manage the risks associated with reliance on single sources of active pharmaceutical ingredient or other raw materials by carrying additional inventories or, where possible, developing second sources of supply.

Employees

As of December 31, 2013, we had approximately 17,200 employees. These employees included approximately 8,100 in production, 6,400 in sales and marketing, 1,700 in general and administrative positions and 1,000 in research and development (including regulatory affairs and quality assurance). Collective bargaining exists for some employees in a number of markets. We consider our relations with our employees to be good and have not experienced any work stoppages, slowdowns or other serious labor problems that have materially impeded our business operations.

Product Liability Insurance

We have product liability insurance to cover damages resulting from the use of our products. Product liability insurance is expensive and, in the future, may be difficult to obtain or may not be available on acceptable terms, or at all. As a result of the difficulties and costs of acquiring insurance, we may reevaluate and change the types and levels of product liability insurance coverage that we purchase and we may also make the decision to self-insure some of, a significant portion of or all of our product liability risk.

Seasonality of Business

Historically, revenues from our business tend to be weighted toward the second half of the year. Sales in the fourth quarter tend to be higher based on consumer and customer purchasing patterns associated with healthcare reimbursement programs. Further, the third quarter “back to school” period impacts demand for certain of our dermatology products. However, as we continue our strategy of selective acquisitions to expand our product portfolio, there are no assurances that these historical trends will continue in the future.

Geographic Areas

Item 1A. Risk Factors

Our business, operations and financial condition are subject to various risks and uncertainties. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Form 10-K, including those risks set forth under the heading entitled "Forward-Looking Statements", and in other documents that we file with the SEC and the CSA, before making any investment decision with respect to our securities. If any of the risks or uncertainties actually occur or develop, our business, financial condition, results of operations and future growth prospects could change. Under these circumstances, the market value of our securities could decline, and you could lose all or part of your investment in our securities.

Competitive Risks

We operate in extremely competitive industries. If competitors develop or acquire more effective or less costly pharmaceutical products or medical devices for our target indications, it could have a material adverse effect on our business, financial condition and results of operations and could cause the market value of our common stock to decline.

The pharmaceutical and medical device industries are extremely competitive. Our success and future growth depend, in part, on our ability to acquire, license or develop products that are more effective than those of our competitors or that incorporate the latest technologies and our ability to effectively manufacture and market those products. Many of our competitors, particularly larger pharmaceutical and medical device companies, have substantially greater financial, technical and human resources than we do. Many of our competitors spend significantly more on research and development related activities than we do. Others may succeed in developing or acquiring products that are more effective or less costly than those currently marketed or proposed for development by us. In addition, academic institutions, government agencies and other public and private organizations conducting research may seek patent protection with respect to potentially competitive products and may also establish exclusive collaborative or licensing relationships with our competitors. These competitors and the introduction of competing products (that may be more effective or less costly than our products) could make our products less competitive or obsolete, which could have a material adverse effect on our business, financial condition and results of operations and could cause the market value of our common stock to decline.

We have faced generic competition in the past and expect to face additional generic competition in the future. Generic competition of our products could have a material adverse effect on our business, financial condition and results of operations and could cause the market value of our common stock to decline.

Upon the expiration or loss of patent protection for our products, or upon the "at-risk" launch (despite pending patent infringement litigation against the generic product) by a generic competitor of a generic version of our products (which may be sold at significantly lower prices than our products), we could lose a significant portion of sales of that product in a very short period, which could have a material adverse effect on our business, financial condition and results of operations and could cause the market value of our common stock to decline.

Products representing a significant amount of our revenue are not protected by patent or data exclusivity rights or are nearing the end of their exclusivity period.

A significant number of the products we sell have no meaningful exclusivity protection via patent or data exclusivity rights or are protected by patents or regulatory exclusivity periods that will be expiring in the near future. These products represent a significant amount of our revenues. Without exclusivity protection, competitors face fewer barriers in introducing competing products. The introduction of competing products could have a material adverse effect on our business, financial condition and results of operations and could cause the market value of our common stock to decline.

Acquisition-related Risks

We have grown at a very rapid pace. Our inability to properly manage or support this growth could have a material adverse effect on our business, financial condition and results of operations and could cause the market value of our common stock to decline.

We have grown very rapidly over the past few years as a result of our acquisitions. This growth has put significant demands on our processes, systems and people. We have made and expect to make further investments in additional personnel, systems and internal control processes to help manage our growth. If we are unable to successfully manage and support our rapid growth and the challenges and difficulties associated with managing a larger, more complex business, this could cause a material adverse effect on our business, financial position and results of operations, and the market value of our common stock could decline.

Our marketing, promotional and pricing practices, as well as the manner in which sales forces interact with purchasers, prescribers and patients, are subject to extensive regulation and any material failure to comply could result in significant sanctions against us.

The marketing, promotional, and pricing practices of pharmaceutical and medical device companies, as well as the manner in which companies' in-house or third-party sales forces interact with purchasers, prescribers, and patients, are subject to extensive regulation, enforcement of which may result in the imposition of civil and/or criminal penalties, injunctions, and/or limitations on marketing practice for our products. Many companies, including us, have been the subject of claims related to these practices asserted by federal authorities. These claims have resulted in fines and other consequences. We are now operating under a Corporate Integrity Agreement ("CIA") that requires us to maintain a comprehensive compliance program governing our sales, marketing and government pricing and contracting functions. Material failures to comply with the CIA could result in significant sanctions against us, including monetary penalties and exclusion from federal health care programs. Companies may not promote drugs for "off-label" uses - that is, uses that are not described in the product's labeling and that differ from those approved by the FDA, Health Canada, EMA or other applicable regulatory agencies. A company that is found to have improperly promoted off-label uses may be subject to significant liability, including civil and administrative remedies as well as criminal sanctions. In addition, management's attention could be diverted from our business operations and our reputation could be damaged.

For certain of our products, we depend on reimbursement from third party payors and a reduction in the extent of reimbursement could reduce our product sales and revenue.

Sales of certain of our products are dependent, in part, on the availability and extent of reimbursement from government health administration authorities, private health insurers and other organizations of the costs of our products and our continued participation in such programs. Changes in government regulations or private third-party payors' reimbursement policies may reduce reimbursement for our products and adversely affect our future results.

Failure to be included in formularies developed by managed care organizations and other organizations may negatively impact the utilization of our products, which could harm our market share and could negatively impact our business, financial condition and results of operations and could cause the market value of our common stock to decline.

Managed care organizations and other third-party payors try to negotiate the pricing of medical services and products to control their costs. Managed care organizations and pharmacy benefit managers typically develop formularies to reduce their cost for medications. Formularies can be based on the prices and therapeutic benefits of the available products. Due to their lower costs, generic products are often favored. The breadth of the products covered by formularies varies considerably from one managed care organization to another, and many formularies include alternative and competitive products for treatment of particular medical conditions. Failure to be included in such formularies or to achieve favorable formulary status may negatively impact the utilization and market share of our products. If our products are not included within an adequate number of formularies or adequate reimbursement levels are not provided, or if those policies increasingly favor generic products, this could have a material adverse effect on our business, financial condition and results of operations and could cause the market value of our common stock to decline.

Manufacturing and Supply Risks

If we or our third-party manufacturers are unable to manufacture our products or the manufacturing process is interrupted due to failure to comply with regulations or for other reasons, the interruption of the manufacture of our products could adversely affect our business. Other manufacturing and supply difficulties or delays may also adversely affect our business, financial condition and results of operations and could cause the market value of our common stock to decline.

Our manufacturing facilities and those of our contract manufacturers must be inspected and found to be in full compliance with current good manufacturing practices ("cGMP"), quality system management requirements or similar standards before approval for marketing. Our failure or that of our contract manufacturers to comply with cGMP regulations, quality system management requirements or similar regulations outside of the U.S. can result in enforcement action by the FDA or its foreign counterparts, including, but not limited to, warning letters, fines, injunctions, civil or criminal penalties, recall or seizure of products, total or partial suspension of production or importation, suspension or withdrawal of regulatory approval for approved or in-market products, refusal of the government to renew marketing applications or approve pending applications or supplements, suspension of ongoing clinical trials, imposition of new manufacturing requirements, closure of facilities and criminal prosecution. These enforcement actions could lead to a delay or suspension in production, which could have a material adverse effect on our business, financial condition and results of operations and could cause the market value of our common stock to decline.

Our manufacturing and other processes use complicated and sophisticated equipment, which sometimes requires a significant amount of time to obtain and install. Manufacturing complexity, testing requirements and safety and security processes combine to increase the overall difficulty of manufacturing these products and resolving manufacturing problems that we may encounter.

or may have only limited or no commercial success. Levels of market acceptance for our new products could be impacted by several factors, some of which are not within our control, including but not limited to the:

- safety, efficacy, convenience and cost-effectiveness of our products compared to products of our competitors;
- scope of approved uses and marketing approval;
- availability of patent or regulatory exclusivity;
- timing of market approvals and market entry;
- availability of alternative products from our competitors;
- acceptance of the price of our products;
- effectiveness of our sales forces and promotional efforts;
- the level of reimbursement of our products;
- acceptance of our products on government and private formularies;
- ability to market our products effectively at the retail level or in the appropriate setting of care; and
- the reputation of our products

Further, the market perception and reputation of our products and their safety and efficacy are important to our business and the continued acceptance of our products. Any negative publicity about our products, such as the discovery of safety issues with our products, adverse events involving our products, or even public rumors about such events, may have a material adverse effect on our business. In addition, the discovery of significant problems with a product similar to one of our products that implicate (or are perceived to implicate) an entire class of products or the withdrawal or recall of such similar products could have an adverse effect on sales of our products. Accordingly, new data about our products, or products similar to our products, could cause us reputational harm and could negatively impact demand for our products due to real or perceived side effects or uncertainty regarding safety or efficacy and, in some cases, could result in product withdrawal.

If our products fail to gain, or lose, market acceptance, our revenues would be adversely impacted which could have a material adverse effect on our business, financial condition and results of operations and could cause the market value of our common stock to decline.

Our business may be impacted by seasonality, which may cause our operating results and financial condition to fluctuate.

Demand for certain of our products may be impacted by seasonality. Historically, revenues from our business tend to be weighted toward the second half of the year. Sales in the fourth quarter tend to be higher based on consumer and customer purchasing patterns associated with healthcare reimbursement programs. Further, the third quarter "back to school" period impacts demand for certain of our dermatology products. This seasonality may cause our operating results to fluctuate. However, as we continue our strategy of selective acquisitions to expand our product portfolio, there are no assurances that these historical trends will continue in the future.

We have entered into distribution agreements with other companies to distribute certain of our products at supply prices based on net sales. Declines in the pricing and/or volume, over which we have no or limited control, of such products, and therefore the amounts paid to us, could have a material adverse effect on our business, financial condition and results of operations and could cause the market value of our common stock to decline.

Certain of our generic products and certain of our other products are the subject of various agreements, pursuant to which we manufacture and sell products to other companies, which distribute such products at a supply price typically based on net sales. Our ability to control pricing and volume of these products is limited and, in some cases, these companies make all distribution and pricing decisions independently of us. If the pricing or volume of such products declines, our revenues would be adversely impacted which could have a material adverse effect on our business, financial condition and results of operations and could cause the market value of our common stock to decline.

We may experience declines in sales volumes or prices of certain of our products as the result of the concentration of sales to wholesalers and the continuing trend towards consolidation of such wholesalers and other customer groups and this could have a material adverse impact on our business, financial condition and results of operations and could cause the market value of our common stock to decline.

For certain of our products, a significant portion of our sales are to a relatively small number of customers. If our relationship with one or more of such customers is disrupted or changes adversely or if one or more of such customers experience financial difficulty or other material adverse change in their businesses, it could materially and adversely affect our sales and financial results, which could have a material adverse effect on our business, financial condition and results of operations and could cause the market value of our common stock to decline.

In addition, wholesalers and retail drug chains have undergone, and are continuing to undergo, significant consolidation. This consolidation may result in these groups gaining additional purchasing leverage and consequently increasing the product pricing pressures facing our business. The result of these developments could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

Risks related to Specific Legislation and Regulations

We are subject to various laws and regulations, including "fraud and abuse" laws, anti-bribery laws, environmental laws and privacy and security regulations, and a failure to comply with such laws and regulations or prevail in any litigation related to noncompliance could have a material adverse impact on our business, financial condition and results of operations and could cause the market value of our common stock to decline.

Pharmaceutical and medical device companies have faced lawsuits and investigations pertaining to violations of health care "fraud and abuse" laws, such as the federal False Claims Act, the federal Anti-Kickback Statute ("AKS") and other state and federal laws and regulations. We are subject to various federal and state laws pertaining to healthcare fraud and abuse. The AKS prohibits, among other things, knowingly and willfully offering, paying, soliciting or receiving remuneration to induce or in return for purchasing, leasing, ordering or arranging for the purchase, lease or order of any healthcare item or service reimbursable under federally financed healthcare programs. This statute has been interpreted to apply to arrangements between pharmaceutical or medical device manufacturers, on the one hand, and prescribers, purchasers, formulary managers and other health care related professionals, on the other hand. Due to recent legislative changes, the government may assert that a claim including items or services resulting from a violation of the AKS constitutes a false or fraudulent claim for purposes of the false claims statutes. More generally, the federal False Claims Act, among other things, prohibits any person from knowingly presenting, or causing to be presented, a false claim for payment to the federal government. Pharmaceutical and medical device companies have been prosecuted or faced civil liability under these laws for a variety of alleged promotional and marketing activities, including engaging in off-label promotion that caused claims to be submitted for non-covered off-label uses.

We also face increasingly strict data privacy and security laws in the U.S. and in other countries, the violation of which could result in fines and other sanctions. The United States Department of Health and Human Services Office of Inspector General recommends and increasingly states require pharmaceutical companies to have comprehensive compliance programs. In addition, the Physician Payment Sunshine Act enacted in 2010 imposes reporting and disclosure requirements on device and drug manufacturers for any "transfer of value" made or distributed to prescribers and other healthcare providers. Failure to submit this required information may result in significant civil monetary penalties. While we have developed corporate compliance programs based on what we believe to be current best practices, we cannot assure you that we or our employees or agents are or will be in compliance with all applicable federal, state or foreign regulations and laws. If we are in violation of any of these requirements or any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of significant criminal and civil fines and penalties, exclusion from federal healthcare programs or other sanctions.

The U.S. Foreign Corrupt Practices Act ("FCPA") and similar worldwide anti-bribery laws generally prohibit companies and their intermediaries from making improper payments to officials for the purpose of obtaining or retaining business. Our policies mandate compliance with these anti-bribery laws. We operate in many parts of the world that have experienced governmental corruption and in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices or may require us to interact with doctors and hospitals, some of which may be state controlled, in a manner that is different than in the U.S. and Canada. We cannot assure you that our internal control policies and procedures will protect us from reckless or criminal acts committed by our employees or agents. Violations of these laws, or allegations of such violations, could disrupt our business and result in criminal or civil penalties or remedial measures, any of which could have a material adverse effect on our business, financial condition and results of operations and could cause the market value of our common stock to decline.

We are subject to laws and regulations concerning the environment, safety matters, regulation of chemicals and product safety in the countries where we manufacture and sell our products or otherwise operate our business. These requirements include regulation of the handling, manufacture, transportation, use and disposal of materials, including the discharge of pollutants into the environment. In the normal course of our business, hazardous substances may be released into the environment, which could cause environmental or property damage or personal injuries, and which could subject us to remediation obligations regarding contaminated soil and groundwater or potential liability for damage claims. Under certain laws, we may be required to remediate contamination at certain of our properties regardless of whether the contamination was caused by us or by previous occupants of

the property or by others. In recent years, the operations of all companies have become subject to increasingly stringent legislation and regulation related to occupational safety and health, product registration and environmental protection. Such legislation and regulations are complex and constantly changing, and future changes in laws or regulations may require us to install additional controls for certain of our emission sources, to undertake changes in our manufacturing processes or to remediate soil or groundwater contamination at facilities where such cleanup is not currently required.

We are also subject to various privacy and security regulations, including but not limited to the Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009 (as amended, "HIPAA"). HIPAA mandates, among other things, the adoption of uniform standards for the electronic exchange of information in common health care transactions (e.g., health care claims information and plan eligibility, referral certification and authorization, claims status, plan enrollment, coordination of benefits and related information), as well as standards relating to the privacy and security of individually identifiable health information, which require the adoption of administrative, physical and technical safeguards to protect such information. In addition, many states have enacted comparable laws addressing the privacy and security of health information, some of which are more stringent than HIPAA. Failure to comply with these laws can result in the imposition of significant civil and criminal penalties. The costs of compliance with these laws and the potential liability associated with the failure to comply with these laws could have a material adverse effect on our business, financial condition and results of operations and could cause the market value of our common stock to decline.

Legislative or regulatory reform of the healthcare system may affect our ability to sell our products profitably and could have a material adverse effect on our business, financial condition and results of operations and could cause the market value of our common stock to decline.

In the U.S. and certain foreign jurisdictions, there have been a number of legislative and regulatory proposals to change the healthcare system in ways that could impact our ability to sell our products profitably. The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (the "Health Care Reform Act") may affect the operational results of companies in the pharmaceutical and medical device industries, including the Company and other healthcare related industries, by imposing on them additional costs. Effective January 1, 2010, the Health Care Reform Act increased the minimum Medicaid drug rebates for pharmaceutical companies, expanded the 340B drug discount program, and made changes to affect the Medicare Part D coverage gap, or "donut hole". The law also revised the definition of "average manufacturer price" for reporting purposes, which has the potential to affect the amount of our Medicaid drug rebates to states. Beginning in 2011, the law imposed a significant annual fee on companies that manufacture or import branded prescription drug products. Finally, the law imposed an annual tax on manufacturers of certain medical devices. The Health Care Reform Act also added substantial new provisions affecting compliance, some of which, such as the Physician Payments Sunshine Act, may require us to modify our business practices with health care practitioners.

We are unable to predict the future course of federal or state health care legislation. A variety of federal and state agencies are in the process of implementing the Health Care Reform Act, including through the issuance of rules, regulations or guidance that materially affect our business. The risk of our being found in violation of these rules and regulations is increased by the fact that many of them have not been fully interpreted by applicable regulatory authorities or the courts, and their provisions are open to a variety of interpretations. The Health Care Reform Act and further changes to health care laws or regulatory framework that reduce our revenues or increase our costs could also have a material adverse effect on our business, financial condition and results of operations and could cause the market value of our common stock to decline.

Other Risks

Our operating results and financial condition may fluctuate.

Our operating results and financial condition may fluctuate from quarter to quarter for a number of reasons. The following events or occurrences, among others, could cause fluctuations in our financial performance from period to period:

- development and launch of new competitive products;
- the timing and receipt of FDA approvals or lack of approvals;
- costs related to business development transactions;
- changes in the amount we spend to promote our products;
- delays between our expenditures to acquire new products, technologies or businesses and the generation of revenues from those acquired products, technologies or businesses;
- changes in treatment practices of physicians that currently prescribe certain of our products;

Merger-Related Cost-Rationalization and Integration Initiatives

The complementary nature of the Biovail and Valeant businesses provided an opportunity to capture significant operating synergies from reductions in research and development, sales and marketing, and general and administrative expenses. In total, we realized approximately $350 million of annual cost synergies as of December 31, 2012. Approximately $315 million of cost synergies were realized in 2011, and the full amount of $350 million was realized in 2012.

See note 6 of notes to consolidated financial statements in Item 15 of this Form 10-K for detailed information summarizing the major components of costs incurred in connection with our B&L, Medicis, and Merger acquisition-related initiatives through December 31, 2013.

U.S. HEALTHCARE REFORM

In March 2010, the Patient Protection and Affordable Care Act (the "Act") was enacted in the U.S. The Act contains several provisions that impact our business. Provisions of the Act include: (i) an increase in the minimum Medicaid rebate to states participating in the Medicaid program from 15.1% to 23.1% on covered drugs; (ii) the extension of the Medicaid rebate to Managed Care Organizations that dispense drugs to Medicaid beneficiaries; and (iii) the expansion of the 340(B) Public Health Services drug pricing program, which provides outpatient drugs at reduced rates, to include additional hospitals, clinics, and healthcare centers.

Commencing in 2011, the legislation requires that drug manufacturers provide a 50% discount to Medicare beneficiaries whose prescription drug costs cause them to be subject to the Medicare Part D coverage gap. In addition, commencing in 2011, a new fee has been assessed on prescription drug manufacturers and importers that sell branded prescription drugs to specified U.S. government programs (e.g., Medicare and Medicaid). This fee is calculated based upon each entity's relative share of total applicable branded prescription drug sales to specified U.S. government programs for the preceding calendar year. The aggregate industry wide fee is expected to total $28.0 billion through 2019, ranging from $2.5 billion to $4.1 billion annually.

Additional provisions of the Act will be implemented in the next several years. In 2013, federal subsidies began to be phased in for brand-name prescription drugs filled in the Medicare Part D cover gap. Also in January 2013, Centers for Medicare and Medicaid Services issued final regulations to implement the physician payment disclosure provisions of the Act, which requires pharmaceutical and medical device manufacturers to disclose publicly certain payments to physicians. The law requires the medical device industry to subsidize healthcare reform in the form of a 2.3% excise tax on U.S. sales of most medical devices beginning in 2013. In 2014, the Act's private health insurance exchanges will begin to operate along with the mandate on individuals to purchase health insurance. The Act also allows states to expand Medicaid coverage with most of the expansion's cost paid for by the federal government. While some states have decided to pursue such expansions, others have indicated they will not do so or are still considering doing so.

The Act did not have a material impact on our financial condition or results of operation in 2013, 2012 or 2011. In 2013, 2012 and 2011, we made total payments of $2.4 million, $1.8 million and $0.6 million, respectively, related to the annual fee assessed on prescription drug manufacturers and importers that sell branded prescription drugs to specified U.S. government programs (e.g., Medicare and Medicaid). We also incurred costs of $28.8 million, $9.8 million and $6.0 million on Medicare Part D utilization incurred by beneficiaries whose prescription drug costs cause them to be subject to the Medicare Part D coverage gap (i.e., the "donut hole") in 2013, 2012 and 2011, respectively. Under the legislation, the total cost incurred by us for the medical device excise tax during 2013 was $4.2 million.

While the Supreme Court upheld the core provisions of the Act, additional challenges to various provisions of the Act continue to work their way through the courts. We cannot predict at this time what impact these challenges will have on our business. Similarly, we cannot predict how the numerous regulations and requirements still to be proposed or finalized by the Administration and the states will impact our business.

SELECTED FINANCIAL INFORMATION

The following table provides selected financial information for each of the last three years:

	Years Ended December 31,			Change			
	2013	2012	2011	2012 to 2013		2011 to 2012	
($ in 000s, except per share data)	$	$	$	$	%	$	%
Revenues	5,769,605	3,480,376	2,427,450	2,289,229	66	1,052,926	43
Net (loss) income attributable to Valeant Pharmaceuticals International, Inc.	(866,142)	(116,025)	159,559	(750,117)	NM	(275,584)	NM
(Loss) earnings per share attributable to Valeant Pharmaceuticals International, Inc.:							
Basic	(2.70)	(0.38)	0.52	(2.32)	NM	(0.90)	NM
Diluted	(2.70)	(0.38)	0.49	(2.32)	NM	(0.87)	NM

	As of December 31,			Change			
	2013	2012	2011	2012 to 2013		2011 to 2012	
($ in 000s)	$	$	$	$	%	$	%
Total assets	27,970,797	17,950,379	13,108,119	10,020,418	56	4,842,260	37
Long-term debt, including current portion	17,367,702	11,015,625	6,651,011	6,352,077	58	4,364,614	66

NM - Not meaningful

Financial Performance

Changes in Revenues

Total revenues increased $2,289.2 million, or 66%, to $5,769.6 million in 2013, compared with $3,480.4 million in 2012, primarily due to:

- incremental product sales revenue of $854.6 million, in the aggregate, from all 2012 acquisitions, primarily from the Medicis, OraPharma, and J&J North America acquisitions. We also recognized incremental product sales revenue in 2013 of $1,612.0 million, in the aggregate, from all 2013 acquisitions, primarily from the B&L, Natur Produkt, and Obagi acquisitions. The incremental product sales revenue from the 2012 and 2013 acquisitions includes a negative foreign exchange impact of $22.2 million, in the aggregate, in 2013; and

- incremental product sales revenue of $271.2 million in 2013, related to growth from the existing business, excluding the declines in Developed Markets described below. In the Developed Markets segment, the revenue increase was driven primarily by price, while volume was the main driver of growth in the Emerging Markets segment.

Those factors were partially offset by:

- decrease in product sales in the Developed Markets segment of $293.9 million, in the aggregate, in 2013, primarily related to a decline in sales of the Zovirax® franchise, Retin-A Micro®, BenzaClin® and Cesamet® due to the impact of generic competition;

- a negative impact from divestitures, discontinuations and supply interruptions of $67.8 million in 2013. The largest contributors were the discontinuation of Dermaglow® and the divestitures of certain brands sold primarily in Australia;

- a decrease in alliance and royalty revenue of $53.0 million, primarily related to the $45.0 million milestone payment received from GSK in connection with the launch of Potiga® recognized in the second quarter of 2012 that did not similarly occur in 2013;

- a negative foreign currency exchange impact on the existing business of $24.4 million in 2013; and

- a decrease in service revenue of $9.5 million in 2013, primarily due to lower contract manufacturing revenue from the Laval, Quebec facility, which was acquired as part of the acquisition of the Dermik business from Sanofi in December 2011.

Total revenues increased $1,052.9 million, or 43%, to $3,480.4 million in 2012, compared with $2,427.5 million in 2011, primarily due to:

- incremental product sales revenue of $709.2 million, in the aggregate, from all 2011 acquisitions, primarily from the iNova, Dermik, Ortho Dermatologics, Sanitas, PharmaSwiss, Elidel®/Xerese® and Afexa acquisitions. We also

recognized incremental product sales revenue in 2012 of $280.7 million, in the aggregate, from all 2012 acquisitions, primarily from the Probiotica, OraPharma, Medicis, Gerot Lannach, University Medical and Atlantis acquisitions. The incremental product sales revenue from the 2011 and 2012 acquisitions includes a negative foreign exchange impact of $33.3 million, in the aggregate, in 2012;

- incremental product sales revenue of $263.9 million in 2012, related to growth from the existing business, excluding the declines in Developed Markets described below. Slightly more than half of this increase was based on volume, and the remainder was a result of pricing actions taken during 2012 and 2011; and

- incremental service revenue of $50.3 million in 2012, primarily from the Dermik acquisition.

Those factors were partially offset by:

- decrease in product sales in the Developed Markets segment of $115.9 million, in the aggregate, primarily related to a decline in sales of Cardizem® CD, Cesamet®, Ultram® ER, Diastat® and Wellbutrin XL® due to the impact of generic competition;

- a negative impact from divestitures and discontinuations of $81.8 million in 2012, including a decrease of $42.8 million in 2012, related to IDP-111 royalty revenue as a result of the sale of IDP-111 in February 2012; and

- a negative foreign currency exchange impact on the existing business of $65.4 million in 2012.

Changes in Earnings Attributable to Valeant Pharmaceuticals International, Inc.

Net loss attributable to Valeant Pharmaceuticals International, Inc. (basic and diluted loss per share attributable to Valeant Pharmaceuticals International, Inc. of $2.70) increased $750.1 million, to $866.1 million in 2013, compared with net loss attributable to Valeant Pharmaceuticals International, Inc. of $116.0 million (basic and diluted loss per share attributable to Valeant Pharmaceuticals International, Inc. of $0.38) in 2012, reflecting the following factors:

- an increase of $973.1 million in amortization and impairments of finite-lived intangible assets, as described below under "Results of Operations - Operating Expenses - Amortization and Impairments of Finite-Lived Intangible Assets";

- an increase of $549.1 million in selling, general and administrative expense, as described below under "Results of Operations - Operating Expenses - Selling, General and Administrative Expenses";

- an increase of $362.7 million in interest expense, as described below under "Results of Operations - Non-Operating Income (Expense) - Interest Expense";

- an increase of $175.1 million in other expense, as described below under "Results of Operations - Operating Expenses - Other Expense";

- an increase of $170.4 million in restructuring, integration and other costs, as described below under "Results of Operations - Operating Expenses - Restructuring, Integration and Other Costs";

- an increase of $77.7 million in research and development expenses, as described below under "Results of Operations - Operating Expenses - Research and Development Expenses";

- a decrease of $56.7 million in contribution from (i) alliance and royalty revenue and (ii) service revenue (alliance and royalty revenue and service revenue less cost of alliance and service revenue) primarily due to $45.0 million recognized in 2012 related to the milestone payment received from GSK in connection with the launch of Potiga® that did not similarly occur in 2013;

- an increase of $44.9 million in loss on extinguishment of debt, as described below under "Results of Operations - Non-Operating Income (Expense) - Loss on Extinguishment of Debt"; and

- a decrease of $29.2 million in foreign exchange and other, as described below under "Results of Operations - Non-Operating Income (Expense) - Foreign Exchange and Other".

Those factors were partially offset by:

- an increase in contribution (product sales revenue less cost of goods sold, exclusive of amortization and impairments of finite-lived intangible assets) of $1,410.5 million, mainly related to the incremental contribution of B&L, Medicis, Natur Produkt, the Eisai assets, Obagi and OraPharma;

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Valeant Pharmaceuticals International, Inc.

We have audited the accompanying consolidated statements of income (loss), comprehensive loss, shareholders' equity, and cash flows of Valeant Pharmaceuticals International, Inc., formerly Biovail Corporation, for the year ended December 31, 2010. Our audit also included the financial statement schedule II included in Item 15 for the year ended December 31, 2010. The financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and schedule based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated results of Valeant Pharmaceuticals International, Inc's operations and its cash flows for the year ended December 31, 2010, in conformity with United States generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ ERNST & YOUNG LLP

Chartered Accountants
Licensed Public Accountants

Toronto, Canada,
February 28, 2011

VALEANT PHARMACEUTICALS INTERNATIONAL, INC.
CONSOLIDATED BALANCE SHEETS
(All dollar amounts expressed in thousands of U.S. dollars)

	As of December 31,	
	2012	**2011**
Assets		
Current assets:		
Cash and cash equivalents	$ 916,091	$ 164,111
Marketable securities	4,410	6,338
Accounts receivable, net	913,835	569,268
Inventories, net	531,256	355,212
Prepaid expenses and other current assets	125,869	41,884
Assets held for sale	90,983	72,239
Deferred tax assets, net	195,007	148,454
Total current assets	2,777,451	1,357,506
Marketable securities	7,167	-
Property, plant and equipment, net	462,724	414,242
Intangible assets, net	9,308,669	7,641,478
Goodwill	5,141,366	3,581,512
Deferred tax assets, net	76,422	54,681
Other long-term assets, net	176,580	58,700
Total assets	$ 17,950,379	$ 13,108,119
Liabilities		
Current liabilities:		
Accounts payable	$ 227,384	$ 157,620
Accrued liabilities and other current liabilities	981,282	527,583
Acquisition-related contingent consideration	102,559	100,263
Income taxes payable	19,910	10,335
Deferred revenue	7,032	12,783
Current portion of long-term debt	480,182	111,250
Deferred tax liabilities, net	4,403	4,438
Total current liabilities	1,822,752	924,272
Deferred revenue	36,127	38,153
Acquisition-related contingent consideration	352,523	319,821
Long-term debt	10,535,443	6,539,761
Liabilities for uncertain tax positions	103,658	91,098
Deferred tax liabilities, net	1,248,312	1,188,506
Other long-term liabilities	134,166	76,678
Total liabilities	14,232,981	9,178,289
Shareholders' Equity		
Common shares, no par value, unlimited shares authorized, 303,861,272 and 306,371,032 issued and outstanding at December 31, 2012 and 2011, respectively	5,940,652	5,963,621
Additional paid-in capital	267,118	276,117
Accumulated deficit	(2,370,976)	(2,030,292)
Accumulated other comprehensive loss	(119,396)	(279,616)
Total shareholders' equity	3,717,398	3,929,830
Total liabilities and shareholders' equity	$ 17,950,379	$ 13,108,119
Commitments and contingencies (notes 24, 25 and 27)		

On behalf of the Board:

/s/ J. MICHAEL PEARSON	/s/ NORMA A. PROVENCIO
J. Michael Pearson	Norma A. Provencio
Chairman of the Board and Chief Executive Officer	Chairperson, Audit and Risk Committee

The accompanying notes are an integral part of these consolidated financial statements.

VALEANT PHARMACEUTICALS INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF (LOSS) INCOME
(All dollar amounts expressed in thousands of U.S. dollars, except per share data)

	Years Ended December 31,		
	2012	2011	2010
Revenues			
Product sales	$ 3,309,895	$ 2,255,050	$ 1,133,371
Alliance and royalty	171,841	172,473	35,109
Service and other	64,890	35,927	12,757
	3,546,626	2,463,450	1,181,237
Expenses			
Cost of goods sold (exclusive of amortization of intangible assets shown separately below)	921,533	683,750	395,595
Cost of alliance and service revenues	116,983	43,082	10,155
Selling, general and administrative	756,083	572,472	276,546
Research and development	79,052	65,687	68,311
Amortization of intangible assets	928,885	557,814	219,758
Restructuring, integration and other costs	344,387	97,667	140,840
In-process research and development impairments and other charges	189,901	109,200	89,245
Acquisition-related costs	78,604	32,964	38,262
Legal settlements	56,779	11,841	52,610
Acquisition-related contingent consideration	(5,266)	(10,986)	-
	3,466,941	2,163,491	1,291,322
Operating income (loss)	79,685	299,959	(110,085)
Interest income	5,986	4,084	1,294
Interest expense	(473,396)	(333,041)	(84,307)
Write-down of deferred financing charges	(8,200)	(1,485)	(5,774)
Loss on extinguishment of debt	(20,080)	(36,844)	(32,413)
Foreign exchange and other	19,721	26,551	574
Gain (loss) on investments, net	2,056	22,776	(5,552)
Loss before recovery of income taxes	(394,228)	(18,000)	(236,263)
Recovery of income taxes	(278,203)	(177,559)	(28,070)
Net (loss) income	$ (116,025)	$ 159,559	$ (208,193)
Basic (loss) earnings per share	$ (0.38)	$ 0.52	$ (1.06)
Diluted (loss) earnings per share	$ (0.38)	$ 0.49	$ (1.06)
Weighted-average common shares (000's)			
Basic	305,446	304,655	195,808
Diluted	305,446	326,119	195,808
Cash dividends declared per share	$ -	$ -	$ 1.280

The accompanying notes are an integral part of these consolidated financial statements.

VALEANT PHARMACEUTICALS INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(All dollar amounts expressed in thousands of U.S. dollars)

	Years Ended December 31,		
	2012	**2011**	**2010**
Net (loss) income	$ (116,025)	$ 159,559	$ (208,193)
Other comprehensive income (loss)			
Foreign currency translation adjustment	161,011	(381,633)	54,640
Unrealized holding gain on auction rate securities:			
Arising in period	1	-	554
Reclassification to net (loss) income	-	-	389
Net unrealized holding gain (loss) on available-for-sale equity securities:			
Arising in period	379	22,780	-
Reclassification to net (loss) income	(1,634)	(21,146)	-
Net unrealized holding gain (loss) on available-for-sale debt securities:			
Arising in period	7	(114)	(321)
Reclassification to net (loss) income	197	-	-
Pension adjustment	259	(545)	-
Acquisition of noncontrolling interest	-	2,206	-
Other comprehensive income (loss)	160,220	(378,452)	55,262
Comprehensive loss	$ 44,195	$ (218,893)	$ (152,931)

The accompanying notes are an integral part of these consolidated financial statements.

The Company operates in the following operating/reportable segments: Developed Markets and Emerging Markets. The Developed Markets segment consists of four reporting units based on geography, namely (i) U.S., (ii) Canada and Australia, (iii) Western Europe, and (iv) Japan. The Emerging Markets segment consists of three reporting units based on geography, namely (i) Central/Eastern Europe, Middle East and North Africa, (ii) Latin America, and (iii) Asia/South Africa. The Company estimated the fair values of its reporting units using a discounted cash flow analysis approach. These calculations contain uncertainties as they require the Company to make assumptions about future cash flows and the appropriate discount rate to reflect the risk inherent in the future cash flows. A change in any of these estimates and assumptions could produce a different fair value, which could have a material impact on the Company's results of operations. During the fourth quarter of 2013, the Company performed its annual goodwill impairment test and determined that none of the goodwill associated with its reporting units was impaired. The goodwill recognized for the B&L Acquisition, which to date has been recorded provisionally, will be tested for impairment within twelve months of the acquisition date.

Deferred Financing Costs

Deferred financing costs are reported at cost, less accumulated amortization, and are recorded in other long-term assets. Amortization expense is included in interest expense.

Derivative Financial Instruments

From time to time, the Company utilizes derivative financial instruments to manage its exposure to market risks, including foreign currency and interest rate exposures. The Company does not utilize derivative financial instruments for speculative purposes, nor does it enter into trades for which there is no underlying exposure. Derivative financial instruments are recorded as either assets or liabilities at fair value. The Company accounts for derivative financial instruments based on whether they meet the criteria for designation as hedging transactions, either as cash flow, net investment, or fair value hedges. Depending on the nature of the hedge, changes in the fair value of a hedged item are either offset against the change in the fair value of the hedged item through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The Company did not hold any derivative financial instruments at December 31, 2013 or 2012.

Foreign Currency Translation

The assets and liabilities of the Company's foreign operations having a functional currency other than the U.S. dollar are translated into U.S. dollars at the exchange rate prevailing at the balance sheet date, and at the average exchange rate for the reporting period for revenue and expense accounts. The cumulative foreign currency translation adjustment is recorded as a component of accumulated other comprehensive income in shareholders' equity.

Foreign currency exchange gains and losses on transactions occurring in a currency other than an operation's functional currency are recognized in net income.

Revenue Recognition

Revenue is realized or realizable and earned when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price to the customer is fixed or determinable, and collectibility is reasonably assured.

Product Sales

Product sales revenue is recognized when title has transferred to the customer and the customer has assumed the risks and rewards of ownership, the timing of which is based on the specific contractual terms with each customer. In most instances, transfer of title as well as the risks and rewards of ownership occurs upon delivery of the product to the customer. Amounts received from customers as prepayments for products to be shipped in the future are recorded in deferred revenue.

Revenue from product sales is recognized net of provisions for estimated discounts, allowances, returns, rebates, chargebacks and distribution fees paid to certain of our wholesale customers. The Company offers discounts for prompt payment and other incentive allowances to customers. Provisions for discounts and allowances are estimated based on contractual sales terms with customers and historical payment experience. The Company allows customers to return product within a specified period of time before and after its expiration date. Provisions for returns are estimated based on historical return levels, taking into account additional available information on competitive products and contract changes. The Company has data sharing agreements with the three largest wholesalers in the U.S. Where the Company does not have data sharing agreements, it uses third party data to estimate the level of product inventories and product demand at wholesalers and retail pharmacies. The Company reviews its methodology and adequacy of the provision for returns on a quarterly basis, adjusting for changes in

assumptions, historical results and business practices, as necessary. The Company is subject to rebates on sales made under governmental and commercial rebate programs, and chargebacks on sales made to government agencies, retail pharmacies and group purchasing organizations. Provisions for rebates and chargebacks are estimated based on historical experience, relevant statutes with respect to governmental pricing programs, and contractual sales terms.

In connection with the Medicis Acquisition, which was completed in December 2012, the Company acquired several brands, including the following aesthetics products: Dysport®, Perlane®, and Restylane®. In 2012, consistent with legacy Medicis' historical approach, the Company recognized revenue on those products upon shipment from McKesson, the Company's primary U.S. distributor of aesthetics products, to physicians. As part of its integration efforts, the Company implemented new strategies and business practices in the first quarter of 2013, particularly as they relate to rebate and discount programs for these aesthetics products. As a result of these changes, the criteria for revenue recognition are achieved upon shipment of these products to McKesson, and, therefore, the Company began, in 2013, recognizing revenue upon shipment of these products to McKesson.

The Company is party to manufacturing and supply agreements with a number of commercialization counterparties in the U.S. Under the terms of these agreements, the Company's supply prices for its products are determined after taking into consideration estimates for future returns, rebates, and chargebacks provided by each counterparty. The Company makes adjustments as needed to state these estimates on a basis consistent with this policy and its methodology for estimating returns, rebates and chargebacks related to its own direct product sales.

Alliance and Royalty

The Company earns royalties and profit share revenue as a result of the licensing of product rights to third parties. Royalties and profit share revenue are earned at the time the related product is sold by the licensee based on the terms of the specific licensing agreement and when the Company has no future obligations with respect to the royalty or profit share. The Company relies on financial information provided by licensees to estimate the amounts due to it under the related agreements.

Service and Other

Contract manufacturing service revenue is recognized when title of the manufactured products has transferred to the customer and the customer has assumed the risks and rewards of ownership.

Research and development service revenue attributable to the performance of contract services is recognized as the services are performed, under the proportionate performance method of revenue recognition. Performance is measured based on units-of-work performed relative to total units-of-work contracted. Units-of-work is generally measured based on hours spent.

Research and Development Expenses

Costs related to internal research and development programs, including costs associated with the development of acquired IPR&D, are expensed as goods are delivered or services are performed. Under certain research and development arrangements with third parties, the Company may be required to make payments that are contingent on the achievement of specific developmental, regulatory and/or commercial milestones. Before a product receives regulatory approval, milestone payments made to third parties are expensed when the milestone is achieved. Milestone payments made to third parties after regulatory approval is received are capitalized and amortized over the estimated useful life of the approved product.

Amounts due from third parties as reimbursement of development activities conducted under certain research and development arrangements are recognized as a reduction of research and development expenses.

Legal Costs

Legal fees and other costs related to litigation and other legal proceedings are expensed as incurred and included in selling, general and administrative expenses. Legal costs expensed are reported net of expected insurance recoveries. A claim for insurance recovery is recognized when the claim becomes probable of realization.

Advertising Costs

Advertising costs comprise product samples, print media and promotional materials. Advertising costs related to new product launches are expensed on the first use of the advertisement. As of December 31, 2013, advertising costs of $8.8 million were recorded in Prepaid expenses and other current assets in the Company's consolidated balance sheet. As of December 31, 2012,

(All tabular dollar amounts expressed in thousands of U.S. dollars, except per share data)

(3) Other consists primarily of countries in Europe, the Middle East, Africa, and Asia.

Major Customers

External customers that accounted for 10% or more of the Company's total revenues for the years ended December 31, 2013, 2012 and 2011 were as follows:

	2013	2012	2011
McKesson Corporation	19%	20%	23%
Cardinal Health, Inc.	13%	20%	21%
AmerisourceBergen Corporation	7%	8%	10%

27. SUBSEQUENT EVENTS AND PENDING TRANSACTIONS

Subsequent Events

Series E Tranche B Term Loan Facility Repricing and Additional Series A-3 Tranche A Term Loan Borrowings

On February 6, 2014, the Company and certain of its subsidiaries as guarantors entered into a joinder agreement to reprice and refinance the Series E Tranche B Term Loan Facility by the issuance of $2.95 billion in new incremental term loans (the "Series E-1 Tranche B Term Loan Facility"). Term loans under the Series E Tranche B Term Loan Facility were either exchanged for, or repaid with the proceeds of, the Series E-1 Tranche B Term Loan Facility and proceeds of the additional Series A-3 Tranche A Term Loan Facility issuance described below. The applicable margins for borrowings under the Series E-1 Tranche B Term Loan Facility are 2.0% with respect to base rate borrowings and 3.0% with respect to LIBO rate borrowings, subject to a 1.75% base rate floor and a 0.75% LIBO rate floor. The Series E-1 Tranche B Term Loan Facility has terms consistent with the Series E Tranche B Term Loan Facility. Any prepayment of the Series E-1 Tranche B Term Loan Facility in connection with certain repricings or refinancings on or prior to August 6, 2014 will require a prepayment premium of 1.0% of such loans prepaid.

Concurrently, on February 6, 2014, the Company and certain of its subsidiaries as guarantors entered into a joinder agreement for the issuance of $225.6 million in incremental term loans under the Series A-3 Tranche A Term Loan Facility. Proceeds from this transaction were used to repay part of the term loans outstanding under the Series E Tranche B Term Loan Facility.

In addition, on February 6, 2014, in connection with Amendment No.8 an additional $1.5 million of the Series A-1 Tranche A Term Loan Facility was exchanged and/or converted into the Series A-3 Tranche A Term Loan Facility.

Solta Medical, Inc.

On January 23, 2014, the Company acquired all of the outstanding common stock of Solta Medical, Inc. ("Solta Medical") for $2.92 per share in cash, or approximately $250 million, in the aggregate. All outstanding shares of common stock of Solta Medical, other than (i) shares owned, directly or indirectly, by the Company or Valeant or any direct or indirect wholly-owned subsidiary of the Company or Valeant immediately prior to the effective time of the merger or held by Solta Medical (other than on behalf of third parties) or any direct or indirect wholly-owned subsidiary of Solta Medical immediately prior to the effective time of the merger, all of which was cancelled and ceased to exist and (ii) shares that were held by stockholders of Solta Medical who properly exercised their appraisal rights under Delaware law, were canceled and converted into the right to receive cash equal to the $2.92 price per share, without interest (less any applicable withholding taxes). As a result of the completion of the merger, Solta Medical has become a wholly-owned subsidiary of Valeant.

Solta Medical designs, develops, manufactures, and markets energy-based medical device systems for aesthetic applications. Solta Medical's products include the Thermage CPT system that provides non-invasive treatment options using radiofrequency energy for skin tightening, the Fraxel repair system for use in dermatological procedures requiring ablation, coagulation, and resurfacing of soft tissue, the Clear + Brilliant® system to improve skin texture and help prevent the signs of aging skin, and the Liposonix® system that destroys unwanted fat cells resulting in waist circumference reduction.

The transaction will be accounted for as a business combination under the acquisition method of accounting. The Company will record the assets acquired and liabilities assumed at their fair values as of the respective acquisition date. Due to the limited time since the closing of the acquisition, the valuation efforts and related acquisition accounting are incomplete at the time of filing of the consolidated financial statements. As a result, the Company is unable to provide amounts recognized as

Exhibit 4

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended **December 31, 2014**

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 001-14956

VALEANT PHARMACEUTICALS INTERNATIONAL, INC.

(Exact Name of Registrant as Specified in its Charter)

BRITISH COLUMBIA, CANADA State or other jurisdiction of incorporation or organization	**98-0448205** (I.R.S. Employer Identification No.)

2150 St. Elzéar Blvd. West
Laval, Quebec
Canada, H7L 4A8
(Address of principal executive offices)

Registrant's telephone number, including area code **(514) 744-6792**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Shares, No Par Value	**New York Stock Exchange, Toronto Stock Exchange**

Securities registered pursuant to section 12(g) of the Act:

None
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or Section 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒	Accelerated filer ☐	Non-accelerated filer ☐	Smaller reporting company ☐

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the common shares held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter was $37,219,586,000 based on the last reported sale price on the New York Stock Exchange on June 30, 2014.

The number of outstanding shares of the registrant's common stock as of February 18, 2015 was 336,202,718.

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates certain information by reference from the registrant's proxy statement for the 2015 Annual Meeting of Shareholders. Such proxy statement will be filed no later than 120 days after the close of the registrant's fiscal year ended December 31, 2014.

Basis of Presentation

General

Except where the context otherwise requires, all references in this Annual Report on Form 10-K ("Form 10-K") to the "Company", "we", "us", "our" or similar words or phrases are to Valeant Pharmaceuticals International, Inc. and its subsidiaries, taken together. In this Form 10-K, references to "$" and "US$" are to United States dollars. Unless otherwise indicated, the statistical and financial data contained in this Form 10-K are presented as of December 31, 2014.

Trademarks

The following words are some of the trademarks in our Company's trademark portfolio and are the subject of either registration, or application for registration, in one or more of Canada, the United States of America (the "U.S.") or certain other jurisdictions: ACANYA®, AFEXA®, AKREOS®, ANTI-ANGIN®, ANTIGRIPPIN®, ARESTIN®, ATRALIN®, B&L®, B+L®, BAUSCH & LOMB®, BAUSCH + LOMB®, BAUSCH + LOMB ULTRA®, BEDOYECTA®, BENZACLIN®, BESIVANCE®, BIAFINE®, BIOTRUE®, BIOVAIL®, BOSTON®, CALADRYL®, CARAC®, CARDIZEM®, CEFZIL®, CERAVE®, CESAMET®, CLEAR + BRILLIANT®, CLINDAGEL®, CLODERM®, COLD-FX®, COLDSORE-FX®, COMFORTMOIST®, CONDITION & ENHANCE®, CORTAID®, CRYSTALENS®, DERMAGLOW®, DERMIK®, DIASTAT®, DIFFLAM®, DURACEF®, DUROMINE®, DURO-TUSS®, EFUDEX®, ELASTIDERM®, ENVISTA®, ERTACZO®, FRAXEL®, HYPERGEL™, JUBLIA®, LACRISERT®, LIPOSONIX®, LOCOID®, LODALIS™, LOTEMAX®, LUZU®, MEDICIS®, MEGACE®, MEPHYTON®, METERMINE®, MOISTURESEAL®, MONOPRIL®, NU-DERM®, OBAGI®, OBAGI CLENZIDERM®, OBAGI-C®, OBAGI NU-DERM®, OCUVITE®, ONSET DERMATOLOGICS®, ORTHO DERMATOLOGICS®, POTIGA®, PRESERVISION®, PROLENSA®, PUREVISION®, PURPOSE®, RENU®, RENU MULTIPLUS®, RETIN-A®, RETIN-A MICRO®, RIKODEINE®, SHOWER TO SHOWER®, SOFLENS®, SOLODYN®, SOLTA MEDICAL®, STELLARIS®, SYPRINE®, TARGRETIN®, THERMAGE®, THERMAGE CPT®, TIAZAC®, VALEANT®, VALEANT V & DESIGN®, VALEANT PHARMACEUTICALS & DESIGN®, VANOS®, VESNEO™, VICTUS®, XENAZINE®, ZIANA®, and ZYCLARA®.

WELLBUTRIN®, WELLBUTRIN XL® and ZOVIRAX® are trademarks of The GlaxoSmithKline Group of Companies and are used by us under license. ULTRAM® is a trademark of Johnson & Johnson and is used by us under license. MVE® is a registered trademark of DFB Technology Ltd. and is used by us under license. ELIDEL® and XERESE® are registered trademarks of Meda Pharma SARL and are used by us under license. VISUDYNE® is a registered trademark of Novartis Pharma AG and is used by us under license. BENSAL HP® is a registered trademark and is used by us under license from SMG Pharmaceuticals, LLC. EMERADE® is a registered trademark of Medeca Pharma AB and is used by us under license from Namtall AB.

In addition to the trademarks noted above, we have filed trademark applications and/or obtained trademark registrations for many of our other trademarks in the U.S., Canada and in other jurisdictions and have implemented, on an ongoing basis, a trademark protection program for new trademarks.

Forward-Looking Statements

Caution regarding forward-looking information and statements and "Safe-Harbor" statements under the U.S. Private Securities Litigation Reform Act of 1995:

To the extent any statements made in this Annual Report on Form 10-K contain information that is not historical, these statements are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and may be forward-looking information within the meaning defined under applicable Canadian securities legislation (collectively, "forward-looking statements").

These forward-looking statements relate to, among other things: the expected benefits of our acquisitions and other transactions (including the proposed acquisition of Salix Pharmaceuticals, Ltd. ("Salix")), such as cost savings, operating synergies and growth potential of the Company; business plans and prospects, prospective products or product approvals, future performance or results of current and anticipated products; exposure to foreign currency exchange rate changes and interest rate changes; the outcome of contingencies, such as certain litigation and regulatory proceedings; general market conditions; and our expectations regarding our financial performance, including revenues, expenses, gross margins, liquidity and income taxes.

Forward-looking statements can generally be identified by the use of words such as "believe", "anticipate", "expect", "intend", "estimate", "plan", "continue", "will", "may", "could", "would", "should", "target", "potential", "opportunity", "tentative", "positioning", "designed", "create", "predict", "project", "seek", "ongoing", "increase", or "upside" and variations or other similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. These forward-looking statements may not be appropriate for

other purposes. Although we have indicated above certain of these statements set out herein, all of the statements in this Form 10-K that contain forward-looking statements are qualified by these cautionary statements. These statements are based upon the current expectations and beliefs of management. Although we believe that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making forward-looking statements, including, but not limited to, factors and assumptions regarding the items outlined above. Actual results may differ materially from those expressed or implied in such statements. Important factors that could cause actual results to differ materially from these expectations include, among other things, the following:

- *the challenges and difficulties associated with managing the rapid growth of our Company and a large complex business;*
- *our ability to retain, motivate and recruit executives and other key employees;*
- *the introduction of products that compete against our products that do not have patent or data exclusivity rights;*
- *our ability to compete against companies that are larger and have greater financial, technical and human resources than we do, as well as other competitive factors, such as technological advances achieved, patents obtained and new products introduced by our competitors;*
- *our ability to identify, finance, acquire, close and integrate acquisition targets successfully and on a timely basis;*
- *factors relating to the acquisition and integration of the companies, businesses and products acquired by the Company, such as the time and resources required to integrate such companies, businesses and products, the difficulties associated with such integrations (including potential disruptions in sales activities and potential challenges with information technology systems integrations), the difficulties and challenges associated with entering into new business areas and new geographic markets, the difficulties, challenges and costs associated with managing and integrating new facilities, equipment and other assets, and the achievement of the anticipated benefits from such integrations, as well as risks associated with the acquired companies, businesses and products;*
- *factors relating to our ability to achieve all of the estimated synergies from our acquisitions as a result of cost-rationalization and integration initiatives. These factors may include greater than expected operating costs, the difficulty in eliminating certain duplicative costs, facilities and functions, and the outcome of many operational and strategic decisions, some of which have not yet been made;*
- *factors relating to our proposed acquisition of Salix, including our ability to consummate such transaction on a timely basis, if at all; the impact of substantial additional debt on our financial condition and results of operations; our ability to effectively and timely integrate the operations of the Company and Salix; our ability to achieve the estimated synergies from this proposed transaction; and, once integrated, the effects of such business combination on our future financial condition, operating results, strategy and plans;*
- *our ability to secure and maintain third party research, development, manufacturing, marketing or distribution arrangements;*
- *our eligibility for benefits under tax treaties and the continued availability of low effective tax rates for the business profits of certain of our subsidiaries;*
- *our substantial debt and debt service obligations and their impact on our financial condition and results of operations;*
- *our future cash flow, our ability to service and repay our existing debt, our ability to raise additional funds, if needed, and any restrictions that are or may be imposed as a result of our current and future indebtedness, in light of our current and projected levels of operations, acquisition activity and general economic conditions;*
- *any downgrade by rating agencies in our corporate credit ratings, which may impact, among other things, our ability to raise additional debt capital and implement elements of our growth strategy;*
- *interest rate risks associated with our floating rate debt borrowings;*
- *the risks associated with the international scope of our operations, including our presence in emerging markets and the challenges we face when entering new geographic markets (including the challenges created by new and different regulatory regimes in such countries);*
- *adverse global economic conditions and credit market and foreign currency exchange uncertainty in the countries in which we do business (such as the recent instability in Russia, Ukraine and the Middle East);*

- *economic factors over which the Company has no control, including changes in inflation, interest rates, foreign currency rates, and the potential effect of such factors on revenues, expenses and resulting margins;*
- *the introduction of generic competitors of our branded products;*
- *our ability to obtain and maintain sufficient intellectual property rights over our products and defend against challenges to such intellectual property;*
- *the outcome of legal proceedings, arbitrations, investigations and regulatory proceedings;*
- *the risk that our products could cause, or be alleged to cause, personal injury and adverse effects, leading to potential lawsuits, product liability claims and damages and/or withdrawals of products from the market;*
- *the availability of and our ability to obtain and maintain adequate insurance coverage and/or our ability to cover or insure against the total amount of the claims and liabilities we face, whether through third party insurance or self-insurance;*
- *the difficulty in predicting the expense, timing and outcome within our legal and regulatory environment, including with respect to approvals by the U.S. Food and Drug Administration, Health Canada and similar agencies in other countries, legal and regulatory proceedings and settlements thereof, the protection afforded by our patents and other intellectual and proprietary property, successful generic challenges to our products and infringement or alleged infringement of the intellectual property of others;*
- *the results of continuing safety and efficacy studies by industry and government agencies;*
- *the availability and extent to which our products are reimbursed by government authorities and other third party payors, as well as the impact of obtaining or maintaining such reimbursement on the price of our products;*
- *the inclusion of our products on formularies or our ability to achieve favorable formulary status, as well as the impact on the price of our products in connection therewith;*
- *the impact of price control restrictions on our products, including the risk of mandated price reductions;*
- *the success of preclinical and clinical trials for our drug development pipeline or delays in clinical trials that adversely impact the timely commercialization of our pipeline products, as well as factors impacting the commercial success of our currently marketed products, which could lead to material impairment charges;*
- *the results of management reviews of our research and development portfolio, conducted periodically and in connection with certain acquisitions, the decisions from which could result in terminations of specific projects which, in turn, could lead to material impairment charges;*
- *negative publicity or reputational harm to our products and business;*
- *the uncertainties associated with the acquisition and launch of new products, including, but not limited to, the acceptance and demand for new pharmaceutical products, and the impact of competitive products and pricing;*
- *our ability to obtain components, raw materials or finished products supplied by third parties and other manufacturing and related supply difficulties, interruptions and delays;*
- *the disruption of delivery of our products and the routine flow of manufactured goods;*
- *the seasonality of sales of certain of our products;*
- *declines in the pricing and sales volume of certain of our products that are distributed or marketed by third parties, over which we have no or limited control;*
- *compliance with, or the failure to comply with, health care "fraud and abuse" laws and other extensive regulation of our marketing, promotional and pricing practices, worldwide anti-bribery laws (including the U.S. Foreign Corrupt Practices Act), worldwide environmental laws and regulation and privacy and security regulations;*
- *the impacts of the Patient Protection and Affordable Care Act (as amended) and other legislative and regulatory healthcare reforms in the countries in which we operate;*
- *interruptions, breakdowns or breaches in our information technology systems; and*

- *other risks detailed from time to time in our filings with the U.S. Securities and Exchange Commission (the "SEC") and the Canadian Securities Administrators (the "CSA"), as well as our ability to anticipate and manage the risks associated with the foregoing.*

Additional information about these factors and about the material factors or assumptions underlying such forward-looking statements may be found elsewhere in this Form 10-K, under Item 1A. "Risk Factors" and in the Company's other filings with the SEC and CSA. When relying on our forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. These forward-looking statements speak only as of the date made. We undertake no obligation to update or revise any of these forward-looking statements to reflect events or circumstances after the date of this Form 10-K or to reflect actual outcomes, except as required by law. We caution that, as it is not possible to predict or identify all relevant factors that may impact forward-looking statements, the foregoing list of important factors that may affect future results is not exhaustive and should not be considered a complete statement of all potential risks and uncertainties.

Item 1A. Risk Factors

Our business, operations and financial condition are subject to various risks and uncertainties. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Form 10-K, including those risks set forth under the heading entitled "Forward-Looking Statements", and in other documents that we file with the SEC and the CSA, before making any investment decision with respect to our securities. If any of the risks or uncertainties actually occur or develop, our business, financial condition, results of operations and future growth prospects could change. Under these circumstances, the market value of our securities could decline, and you could lose all or part of your investment in our securities.

Competitive Risks

We operate in extremely competitive industries. If competitors develop or acquire more effective or less costly pharmaceutical products or medical devices for our target indications, it could have a material adverse effect on our business, financial condition and results of operations and could cause the market value of our common stock to decline.

The pharmaceutical and medical device industries are extremely competitive. Our success and future growth depend, in part, on our ability to acquire, license or develop products that are more effective than those of our competitors or that incorporate the latest technologies and our ability to effectively manufacture and market those products. Many of our competitors, particularly larger pharmaceutical and medical device companies, have substantially greater financial, technical and human resources than we do. Many of our competitors spend significantly more on research and development related activities than we do. Others may succeed in developing or acquiring products that are more effective or less costly than those currently marketed or proposed for development by us. In addition, academic institutions, government agencies and other public and private organizations conducting research may seek patent protection with respect to potentially competitive products and may also establish exclusive collaborative or licensing relationships with our competitors. These competitors and the introduction of competing products (that may be more effective or less costly than our products) could make our products less competitive or obsolete, which could have a material adverse effect on our business, financial condition and results of operations and could cause the market value of our common stock to decline.

Products representing a significant amount of our revenue are not protected by patent or data exclusivity rights or are nearing the end of their exclusivity period. In addition, we have faced generic competition in the past and expect to face additional generic competition in the future. Competitors (including generic competitors) of our products could have a material adverse effect on our business, financial condition and results of operations and could cause the market value of our common stock to decline.

A significant number of the products we sell have no meaningful exclusivity protection via patent or data exclusivity rights or are protected by patents or regulatory exclusivity periods that will be expiring in the near future. These products represent a significant amount of our revenues. Without exclusivity protection, competitors face fewer barriers in introducing competing products. Upon the expiration or loss of patent protection for our products, or upon the "at-risk" launch (despite pending patent infringement litigation against the generic product) by a generic competitor of a generic version of our products (which may be sold at significantly lower prices than our products), we could lose a significant portion of sales of that product in a very short period. The introduction of competing products (including generic products) could have a material adverse effect on our business, financial condition and results of operations and could cause the market value of our common stock to decline.

Acquisition-related Risks

We have grown at a very rapid pace. Our inability to properly manage or support this growth could have a material adverse effect on our business, financial condition and results of operations and could cause the market value of our common stock to decline.

We have grown very rapidly over the past few years as a result of our acquisitions. This growth has put significant demands on our processes, systems and people. We have made and expect to make further investments in additional personnel, systems and internal control processes to help manage our growth. If we are unable to successfully manage and support our rapid growth and the challenges and difficulties associated with managing a larger, more complex business, this could cause a material adverse effect on our business, financial position and results of operations, and the market value of our common stock could decline.

We may be unable to identify, acquire, close or integrate acquisition targets successfully.

Part of our business strategy includes acquiring and integrating complementary businesses, products, technologies or other assets, and forming strategic alliances, joint ventures and other business combinations, to help drive future growth. We may also in-license new products or compounds. Acquisitions or similar arrangements may be complex, time consuming and expensive. In some cases, we move very rapidly to negotiate and consummate the transaction, once we identify the acquisition target. We may not consummate some negotiations for acquisitions or other arrangements, which could result in significant diversion of

of our pipeline products could have an adverse impact on our business, financial condition and results of operations and could cause the market value of our common stock to decline.

We currently have a number of pipeline products in development. We and our development partners, as applicable, conduct extensive preclinical studies and clinical trials to demonstrate the safety and efficacy in humans of our pipeline products in order to obtain regulatory approval for the sale of our pipeline products. Preclinical studies and clinical trials are expensive, complex, can take many years and have uncertain outcomes. Only a small number of our research and development programs may actually result in the commercialization of a product. We will not be able to commercialize our pipeline products if preclinical studies do not produce successful results or if clinical trials do not demonstrate safety and efficacy in humans. Furthermore, success in preclinical studies or early-stage clinical trials does not ensure that later stage clinical trials will be successful nor does it ensure that regulatory approval for the product candidate will be obtained. In addition, the process for the completion of pre-clinical and clinical trials is lengthy and may be subject to a number of delays for various reasons, which will delay the commercialization of any successful product. If our development projects are not successful or are significantly delayed, we may not recover our substantial investments in the pipeline product and our failure to bring these pipeline products to market on a timely basis, or at all, could have a material adverse effect on our business, financial condition and results of operations and could cause the market value of our common stock to decline.

In addition, FDA and Health Canada approval must be obtained in the U.S. and Canada, respectively, EMA approval (drugs) and CE Marking (devices) must be obtained in countries in the EU and similar approvals must be obtained from comparable agencies in other countries, prior to marketing or manufacturing new pharmaceutical and medical device products for use by humans. Obtaining such regulatory approvals for new products and devices and manufacturing processes can take a number of years and involves the expenditure of substantial resources. Even if such products appear promising in development stages, regulatory approval may not be achieved and no assurance can be given that we will obtain approval in those countries where we wish to commercialize such products. Nor can any assurance be given that if such approval is secured, the approved labeling will not have significant labeling limitations, including limitations on the indications for which we can market a product, or require onerous risk management programs. Furthermore, from time to time, changes to the applicable legislation or regulations may be introduced that change these review and approval processes for our products, which changes may make it more difficult and costly to obtain or maintain regulatory approvals.

Our marketed drugs will be subject to ongoing regulatory review.

Following initial regulatory approval of any products we or our partners may develop or acquire, we will be subject to continuing regulatory review by various government authorities in those countries where our products are marketed or intended to be marketed, including the review of adverse drug events and clinical results that are reported after product candidates become commercially available. If we fail to comply with the regulatory requirements in those countries where our products are sold, we could lose our marketing approvals or be subject to fines or other sanctions. In addition, incidents of adverse drug reactions, unintended side effects or misuse relating to our products could result in additional regulatory controls or restrictions, or even lead to the regulatory authority requiring us to withdraw the product from the market. Further, if faced with these incidents of adverse drug reactions, unintended side effects or misuse relating to our products, we may elect to voluntarily implement a recall or market withdrawal of our product. A recall or market withdrawal, whether voluntary or required by a regulatory authority, may involve significant costs to us, potential disruptions in the supply of our products to our customers and reputational harm to our products and business, all of which could harm our ability to market our products and could have a material adverse effect on our business, financial condition and results of operations and could cause the market value of our common stock to decline. Also, as a condition to granting marketing approval of a product, the applicable regulatory agencies may require a company to conduct additional clinical trials, the results of which could result in the subsequent loss of marketing approval, changes in product labeling or new or increased concerns about side effects or efficacy of a product.

Our marketing, promotional and pricing practices, as well as the manner in which sales forces interact with purchasers, prescribers and patients, are subject to extensive regulation and any material failure to comply could result in significant sanctions against us.

The marketing, promotional, and pricing practices of pharmaceutical and medical device companies, as well as the manner in which companies' in-house or third-party sales forces interact with purchasers, prescribers, and patients, are subject to extensive regulation, enforcement of which may result in the imposition of civil and/or criminal penalties, injunctions, and/or limitations on marketing practice for our products. Many companies, including us, have been the subject of claims related to these practices asserted by federal authorities. These claims have resulted in fines and other consequences. We are still operating under a Corporate Integrity Agreement ("CIA") that requires us to maintain a comprehensive compliance program governing our sales, marketing and government pricing and contracting functions. Material failures to comply with the CIA could result in significant sanctions against us, including monetary penalties and exclusion from federal health care programs. Companies may not promote drugs for "off-label" uses - that is, uses that are not described in the product's labeling and that differ from those approved by the FDA,

Health Canada, EMA or other applicable regulatory agencies. A company that is found to have improperly promoted off-label uses may be subject to significant liability, including civil and administrative remedies as well as criminal sanctions. In addition, management's attention could be diverted from our business operations and our reputation could be damaged.

For certain of our products, we depend on reimbursement from third party payors and a reduction in the extent of reimbursement could reduce our product sales and revenue. In addition, failure to be included in formularies developed by managed care organizations and other organizations may negatively impact the utilization of our products, which could harm our market share and could negatively impact our business, financial condition and results of operations and could cause the market value of our common stock to decline.

Sales of certain of our products are dependent, in part, on the availability and extent of reimbursement from government health administration authorities, private health insurers and other organizations of the costs of our products and our continued participation in such programs. Changes in government regulations or private third-party payors' reimbursement policies may reduce reimbursement for our products and adversely affect our future results.

Managed care organizations and other third-party payors try to negotiate the pricing of medical services and products to control their costs. Managed care organizations and pharmacy benefit managers typically develop formularies to reduce their cost for medications. Formularies can be based on the prices and therapeutic benefits of the available products. Due to their lower costs, generic products are often favored. The breadth of the products covered by formularies varies considerably from one managed care organization to another, and many formularies include alternative and competitive products for treatment of particular medical conditions. Failure to be included in such formularies or to achieve favorable formulary status may negatively impact the utilization and market share of our products. If our products are not included within an adequate number of formularies or adequate reimbursement levels are not provided, or if those policies increasingly favor generic products, this could have a material adverse effect on our business, financial condition and results of operations and could cause the market value of our common stock to decline.

Manufacturing and Supply Risks

If we or our third-party manufacturers are unable to manufacture our products or the manufacturing process is interrupted due to failure to comply with regulations or for other reasons, the interruption of the manufacture of our products could adversely affect our business. Other manufacturing and supply difficulties or delays may also adversely affect our business, financial condition and results of operations and could cause the market value of our common stock to decline.

Our manufacturing facilities and those of our contract manufacturers must be inspected and found to be in full compliance with current good manufacturing practices ("cGMP"), quality system management requirements or similar standards before approval for marketing. While we attempt to build in certain contractual obligations on such third party manufacturers, we may not be able to ensure that such third parties comply with these obligations. Our failure or that of our contract manufacturers to comply with cGMP regulations, quality system management requirements or similar regulations outside of the U.S. could result in enforcement action by the FDA or its foreign counterparts, including, but not limited to, warning letters, fines, injunctions, civil or criminal penalties, recall or seizure of products, total or partial suspension of production or importation, suspension or withdrawal of regulatory approval for approved or in-market products, refusal of the government to renew marketing applications or approve pending applications or supplements, suspension of ongoing clinical trials, imposition of new manufacturing requirements, closure of facilities and criminal prosecution. These enforcement actions could lead to a delay or suspension in production. In addition, our manufacturing and other processes use complicated and sophisticated equipment, which sometimes requires a significant amount of time to obtain and install. Manufacturing complexity, testing requirements and safety and security processes combine to increase the overall difficulty of manufacturing these products and resolving manufacturing problems that we may encounter. Although we endeavor to properly maintain our equipment (and require our contract manufacturers to properly maintain their equipment), including through on-site quality control and experienced manufacturing supervision, and have key spare parts on hand, our business could suffer if certain manufacturing or other equipment, or all or a portion of our or their facilities, were to become inoperable for a period of time. We could experience substantial production delays or inventory shortages in the event of any such occurrence until we or they repair such equipment or facility or we or they build or locate replacement equipment or a replacement facility, as applicable, and seek to obtain necessary regulatory approvals for such replacement. Any interruption in our manufacture of products could adversely affect the sales of our current products or introduction of new products and could have a material adverse effect on our business, financial condition and results of operations and could cause the market value of our common stock to decline.

The supply of our products to our customers (or, in some case, supply from our contract manufacturers to us) is subject to and dependent upon the use of transportation services. Disruption of transportation services (including as a result of weather conditions) could have a material adverse effect on our business, financial condition and results of operations and could cause the market value of our common stock to decline. In addition, any prolonged disruption in the operations of our existing distribution facilities, whether due to technical, labor or other difficulties, weather conditions, equipment malfunction, contamination, failure

(or are perceived to implicate) an entire class of products or the withdrawal or recall of such similar products could have an adverse effect on sales of our products. Accordingly, new data about our products, or products similar to our products, could cause us reputational harm and could negatively impact demand for our products due to real or perceived side effects or uncertainty regarding safety or efficacy and, in some cases, could result in product withdrawal.

If our products fail to gain, or lose, market acceptance, our revenues would be adversely impacted which could have a material adverse effect on our business, financial condition and results of operations and could cause the market value of our common stock to decline.

Our business may be impacted by seasonality, which may cause our operating results and financial condition to fluctuate.

Demand for certain of our products may be impacted by seasonality. Historically, revenues from our business tend to be weighted toward the second half of the year. Sales in the fourth quarter tend to be higher based on consumer and customer purchasing patterns associated with healthcare reimbursement programs. Further, the third quarter "back to school" period impacts demand for certain of our dermatology products. This seasonality may cause our operating results to fluctuate. However, as we continue our strategy of selective acquisitions to expand our product portfolio, there are no assurances that these historical trends will continue in the future.

We have entered into distribution agreements with other companies to distribute certain of our products at supply prices based on net sales. Declines in the pricing and/or volume, over which we have no or limited control, of such products, and therefore the amounts paid to us, could have a material adverse effect on our business, financial condition and results of operations and could cause the market value of our common stock to decline.

Certain of our products are the subject of third party distribution agreements, pursuant to which we manufacture and sell products to other companies, which distribute such products at a supply price, typically based on net sales. Our ability to control pricing and volume of these products is limited and, in some cases, these companies make all distribution and pricing decisions independently of us. If the pricing or volume of such products declines, our revenues would be adversely impacted which could have a material adverse effect on our business, financial condition and results of operations and could cause the market value of our common stock to decline.

We may experience declines in sales volumes or prices of certain of our products as the result of the concentration of sales to wholesalers and the continuing trend towards consolidation of such wholesalers and other customer groups and this could have a material adverse impact on our business, financial condition and results of operations and could cause the market value of our common stock to decline.

For certain of our products, a significant portion of our sales are to a relatively small number of customers. If our relationship with one or more of such customers is disrupted or changes adversely or if one or more of such customers experience financial difficulty or other material adverse change in their businesses, it could materially and adversely affect our sales and financial results, which could have a material adverse effect on our business, financial condition and results of operations and could cause the market value of our common stock to decline.

In addition, wholesalers and retail drug chains have undergone, and are continuing to undergo, significant consolidation. This consolidation may result in these groups gaining additional purchasing leverage and consequently increasing the product pricing pressures facing our business. The result of these developments could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

Risks related to Specific Legislation and Regulations

We are subject to various laws and regulations, including "fraud and abuse" laws, anti-bribery laws, environmental laws and privacy and security regulations, and a failure to comply with such laws and regulations or prevail in any litigation related to noncompliance could have a material adverse impact on our business, financial condition and results of operations and could cause the market value of our common stock to decline.

Pharmaceutical and medical device companies have faced lawsuits and investigations pertaining to violations of health care "fraud and abuse" laws, such as the federal False Claims Act, the federal Anti-Kickback Statute ("AKS") and other state and federal laws and regulations. The AKS prohibits, among other things, knowingly and willfully offering, paying, soliciting or receiving remuneration to induce or in return for purchasing, leasing, ordering or arranging for the purchase, lease or order of any healthcare item or service reimbursable under federally financed healthcare programs. This statute has been interpreted to apply to arrangements between pharmaceutical or medical device manufacturers, on the one hand, and prescribers, purchasers, formulary managers and other health care related professionals, on the other hand. More generally, the federal False Claims Act, among other things, prohibits any person from knowingly presenting, or causing to be presented, a false claim for payment to the federal government. Pharmaceutical and medical device companies have been prosecuted or faced civil liability under these laws for a

variety of alleged promotional and marketing activities, including engaging in off-label promotion that caused claims to be submitted for non-covered off-label uses.

We also face increasingly strict data privacy and security laws in the U.S. and in other countries, the violation of which could result in fines and other sanctions. The United States Department of Health and Human Services Office of Inspector General recommends, and increasingly states require pharmaceutical companies to have comprehensive compliance programs. In addition, the Physician Payment Sunshine Act enacted in 2010 imposes reporting and disclosure requirements on device and drug manufacturers for any "transfer of value" made or distributed to prescribers and other healthcare providers. Failure to submit this required information may result in significant civil monetary penalties. While we have developed corporate compliance programs based on what we believe to be current best practices, we cannot assure you that we or our employees or agents are or will be in compliance with all applicable federal, state or foreign regulations and laws. If we are in violation of any of these requirements or any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of significant criminal and civil fines and penalties, exclusion from federal healthcare programs or other sanctions.

The U.S. Foreign Corrupt Practices Act ("FCPA") and similar worldwide anti-bribery laws generally prohibit companies and their intermediaries from making improper payments to officials for the purpose of obtaining or retaining business. Our policies mandate compliance with these anti-bribery laws. We operate in many parts of the world that have experienced governmental corruption and in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices or may require us to interact with doctors and hospitals, some of which may be state controlled, in a manner that is different than in the U.S. and Canada. We cannot assure you that our internal control policies and procedures will protect us from reckless or criminal acts committed by our employees or agents. Violations of these laws, or allegations of such violations, could disrupt our business and result in criminal or civil penalties or remedial measures, any of which could have a material adverse effect on our business, financial condition and results of operations and could cause the market value of our common stock to decline.

We are subject to laws and regulations concerning the environment, safety matters, regulation of chemicals and product safety in the countries where we manufacture and sell our products or otherwise operate our business. These requirements include regulation of the handling, manufacture, transportation, use and disposal of materials, including the discharge of pollutants into the environment. In the normal course of our business, hazardous substances may be released into the environment, which could cause environmental or property damage or personal injuries, and which could subject us to remediation obligations regarding contaminated soil and groundwater or potential liability for damage claims. Under certain laws, we may be required to remediate contamination at certain of our properties regardless of whether the contamination was caused by us or by previous occupants of the property or by others. In recent years, the operations of all companies have become subject to increasingly stringent legislation and regulation related to occupational safety and health, product registration and environmental protection. Such legislation and regulations are complex and constantly changing, and future changes in laws or regulations may require us to install additional controls for certain of our emission sources, to undertake changes in our manufacturing processes or to remediate soil or groundwater contamination at facilities where such cleanup is not currently required.

We are also subject to various privacy and security regulations, including but not limited to the Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009 (as amended, "HIPAA"). HIPAA mandates, among other things, the adoption of uniform standards for the electronic exchange of information in common health care transactions (e.g., health care claims information and plan eligibility, referral certification and authorization, claims status, plan enrollment, coordination of benefits and related information), as well as standards relating to the privacy and security of individually identifiable health information, which require the adoption of administrative, physical and technical safeguards to protect such information. In addition, many states have enacted comparable laws addressing the privacy and security of health information, some of which are more stringent than HIPAA. Failure to comply with these laws can result in the imposition of significant civil and criminal penalties. The costs of compliance with these laws and the potential liability associated with the failure to comply with these laws could have a material adverse effect on our business, financial condition and results of operations and could cause the market value of our common stock to decline.

Legislative or regulatory reform of the healthcare system may affect our ability to sell our products profitably and could have a material adverse effect on our business, financial condition and results of operations and could cause the market value of our common stock to decline.

In the U.S. and certain foreign jurisdictions, there have been a number of legislative and regulatory proposals to change the healthcare system in ways that could impact our ability to sell our products profitably. The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (the "Health Care Reform Act") may affect the operational results of companies in the pharmaceutical and medical device industries, including the Company and other healthcare related industries, by imposing on them additional costs. Effective January 1, 2010, the Health Care Reform Act increased the minimum Medicaid drug rebates for pharmaceutical companies, expanded the 340B drug discount program, and made changes

to affect the Medicare Part D coverage gap, or "donut hole". The law also revised the definition of "average manufacturer price" for reporting purposes, which may affect the amount of our Medicaid drug rebates to states. Beginning in 2011, the law imposed a significant annual fee on companies that manufacture or import branded prescription drug products. Finally, the law imposed an annual tax on manufacturers of certain medical devices.

The Health Care Reform Act and further changes to health care laws or regulatory framework that reduce our revenues or increase our costs could also have a material adverse effect on our business, financial condition and results of operations and could cause the market value of our common stock to decline.

Other Risks

Our operating results and financial condition may fluctuate.

Our operating results and financial condition may fluctuate from quarter to quarter for a number of reasons. The following events or occurrences, among others, could cause fluctuations in our financial performance from period to period:

- development and launch of new competitive products;
- the timing and receipt of FDA approvals or lack of approvals;
- costs related to business development transactions;
- changes in the amount we spend to promote our products;
- delays between our expenditures to acquire new products, technologies or businesses and the generation of revenues from those acquired products, technologies or businesses;
- changes in treatment practices of physicians that currently prescribe certain of our products;
- increases in the cost of raw materials used to manufacture our products;
- manufacturing and supply interruptions;
- our responses to price competition;
- expenditures as a result of legal actions (and settlements thereof), including the defense of our patents and other intellectual property;
- market acceptance of our products;
- the timing of wholesaler and distributor purchases;
- general economic and industry conditions, including potential fluctuations in foreign currency and interest rates;
- changes in seasonality of demand for certain of our products; and
- foreign currency exchange rate fluctuations.

As a result, we believe that quarter-to-quarter comparisons of results from operations, or any other similar period-to-period comparisons, should not be construed as reliable indicators of our future performance. In any quarterly period, our results may be below the expectations of market analysts and investors, which could cause the market value of our common stock to decline.

We have significant goodwill and other intangible assets and potential impairment of goodwill and other intangibles may significantly impact our profitability.

Goodwill and intangible assets represent a significant portion of our total assets. Finite-lived intangible assets are subject to an impairment analysis whenever events or changes in circumstances indicate the carrying amount of the asset may not be recoverable. Goodwill and indefinite-lived intangible assets are tested for impairment annually, or more frequently if events or changes in circumstances indicate that the asset may be impaired. If an impairment exists, we would be required to take an impairment charge with respect to the impaired asset. Events giving rise to impairment are difficult to predict and are an inherent risk in the pharmaceutical and medical device industries. As a result of the significance of goodwill and intangible assets, our financial condition and results of operations in a future period could be negatively impacted should such an impairment of goodwill or intangible assets occur, which could cause the market value of our common stock to decline.

Item 1B. Unresolved Staff Comments

We have two operating and reportable segments: (i) Developed Markets, and (ii) Emerging Markets. The following is a brief description of our segments as of December 31, 2014:

- ***Developed Markets*** consists of (i) sales in the U.S. of pharmaceutical products, OTC products, and medical device products, as well as alliance and contract service revenues, in the areas of eye health, dermatology and podiatry, aesthetics, and dentistry, (ii) sales in the U.S. of pharmaceutical products indicated for the treatment of neurological and other diseases, as well as alliance revenue from the licensing of various products we developed or acquired, and (iii) pharmaceutical products, OTC products, and medical device products sold in Canada, Australia, New Zealand, Western Europe and Japan.

- ***Emerging Markets*** consists of branded generic pharmaceutical products and branded pharmaceuticals, OTC products, and medical device products. Products are sold primarily in Central and Eastern Europe (primarily Poland and Russia), Asia, Latin America (Mexico, Brazil, and Argentina and exports out of Mexico to other Latin American markets), Africa and the Middle East.

Revenues By Segment

Our primary sources of revenues are the sale of pharmaceutical products, OTC products, and medical devices. The following table displays revenues by segment for each of the last three years, the percentage of each segment's revenues compared with total revenues in the respective year, and the dollar and percentage change in the dollar amount of each segment's revenues. Percentages may not sum due to rounding.

	Years Ended December 31,						Change			
	2014		2013		2012		2013 to 2014		2012 to 2013	
($ in millions)	$	%	$	%	$	%	$	%	$	%
Developed Markets	6,167.1	75	4,293.2	74	2,502.3	72	1,873.9	44	1,790.9	72
Emerging Markets	2,096.4	25	1,476.4	26	978.1	28	620.0	42	498.3	51
Total revenues	8,263.5	100	5,769.6	100	3,480.4	100	2,493.9	43	2,289.2	66

Total revenues increased $2.5 billion, or 43%, to $8.3 billion in 2014 primarily due to growth from acquisitions, including the B&L Acquisition. The remaining growth in 2014 reflected both price and volume, with slightly more than half of the growth from price. In the Developed Markets, the majority of growth was driven by price, and in the Emerging Markets, the growth was driven almost entirely by volume. The growth was mainly attributable to the effect of the following factors:

Developed Markets segment:

- the incremental product sales revenue of $1,699.1 million, in the aggregate, from all 2013 acquisitions and all 2014 acquisitions, primarily from (i) the 2013 acquisition of B&L (driven by Ocuvite®/PreserVision®, Lotemax®, ReNu Multiplus®, and Biotrue® MultiPurpose Solution product sales) and (ii) the 2014 acquisitions of Solta Medical (mainly driven by Thermage CPT® system product sales) and PreCision (mainly driven by Clindagel® product sales); and

- an increase in other revenues of $22.6 million in 2014, primarily related to higher royalty revenue.

Those factors were partially offset by:

- a negative impact from divestitures, discontinuations and supply interruptions of $262.5 million in 2014, primarily driven by a decrease of $173.6 million related to the divestiture in the third quarter of 2014 of facial aesthetic fillers and toxins, as well as the discontinuation of Maxair® and the divestiture of Buphenyl® in 2013; and

- a negative foreign currency exchange impact on the existing business of $59.7 million in 2014 due to the impact of a strengthening of the U.S. dollar against certain currencies, including the Canadian dollar, Japanese yen, and Australian dollar.

Excluding the items described above, we realized incremental product sales revenue from the remainder of the existing business of $474.4 million in 2014. The growth reflected (1) higher sales of (i) orphan products (Syprine® and Xenazine®), (ii) Targretin®, (iii) Jublia®, and (iv) Wellbutrin XL® (U.S.) and (2) higher sales from recent product launches, including the launches of RAM 0.08% and Luzu®, partially offset by a decrease in product sales of $167.8 million, in the aggregate, due to generic competition. The decrease from generic competition related to a decline in sales of the Vanos®, Retin-A Micro® (excluding RAM 0.08%), and Zovirax® franchises and Wellbutrin® XL (Canada). We anticipate a continuing decline in sales of the Vanos® franchise and Wellbutrin® XL (Canada) due to continued generic erosion. However, the rate

of decline is expected to decrease in the future, and these brands are expected to represent a declining percentage of total revenues primarily due to anticipated growth in other parts of our business and recent acquisitions.

Emerging Markets segment:

- the incremental product sales revenue of $580.8 million (which includes a negative foreign currency exchange impact of $22.3 million), in the aggregate, from all 2013 acquisitions and all 2014 acquisitions, primarily from the 2013 acquisition of B&L (driven by ReNu Multiplus®, Ocuvite®, and Artelac™ product sales) and the 2014 acquisition of Solta Medical (mainly driven by Thermage CPT® system product sales).

This factor was partially offset by:

- a negative foreign currency exchange impact on the existing business of $104.8 million in 2014 due to the impact of a strengthening of the U.S. dollar against certain currencies, including the Russian ruble; and

- a negative impact from divestitures, discontinuations and supply interruptions of $60.3 million in 2014, primarily from Eastern Europe and Brazil.

Excluding the items described above, we realized incremental product sales revenue from the remainder of the existing business of $196.3 million in 2014. The growth reflected higher sales in Eastern Europe, Middle East and North Africa, Southeast Asia and Mexico.

Total revenues increased $2.3 billion, or 66%, to $5.8 billion in 2013, mainly attributable to the effect of the following factors:

Developed Markets segment:

- the incremental product sales revenue of $2,051.0 million (which includes a negative foreign currency exchange impact of $12.5 million), in the aggregate, from all 2012 acquisitions and all 2013 acquisitions, primarily from (i) the 2012 acquisitions of Medicis (mainly driven by Solodyn®, Restylane®, Dysport®, Vanos®, Ziana® and Perlane® product sales) and OraPharma (mainly driven by Arestin® product sales), and (ii) the 2013 acquisitions of B&L (driven by Lotemax® Gel, PreserVision® and SofLens® Daily Disposable Contact Lenses product sales) and Obagi (mainly driven by Nu-Derm® and Obagi-C® product sales).

This factor was partially offset by:

- decrease in product sales of $293.9 million in 2013, primarily related to a decline in sales of the Zovirax® franchise, Retin-A Micro®, BenzaClin® and Cesamet® due to generic competition;

- a decrease in alliance and royalty revenue of $59.8 million, primarily related to the $45.0 million milestone payment received from GSK in connection with the launch of Potiga® recognized in the second quarter of 2012 that did not similarly occur in 2013;

- a negative impact from divestitures, discontinuations and supply interruptions of $44.8 million in 2013. The largest contributors were the discontinuation of Dermaglow® and the divestitures of certain brands sold primarily in Australia;

- a negative foreign currency exchange impact on the existing business of $19.9 million in 2013; and

- a decrease in service revenue of $5.1 million in 2013, primarily due to lower contract manufacturing revenue from the Laval, Quebec facility.

Excluding the items described above, we realized incremental product sales revenue from the remainder of the existing business of $163.4 million in 2013, driven by growth of the core dermatology brands, including CeraVe® and Acanya®. The growth in 2013 was driven primarily by price.

Emerging Markets segment:

- the incremental product sales revenue of $415.6 million (which includes a negative foreign currency exchange impact of $9.7 million), in the aggregate, from all 2012 acquisitions and all 2013 acquisitions, primarily from (i) the 2012 acquisition of certain assets of Gerot Lannach and (ii) the 2013 acquisitions of B&L (driven by ReNu Multiplus®, SofLens® and SofLens® Daily Disposable Contact Lenses product sales) and Natur Produkt.

This factor was partially offset by:

(All tabular dollar amounts expressed in millions of U.S. dollars, except per share data)

	2014	2013	2012
Pharmaceuticals	$ 3,559.8	$ 2,707.8	$ 2,054.5
Devices	1,629.4	845.3	77.0
OTC	1,711.4	1,086.6	475.7
Branded and Other Generics	1,203.0	1,000.6	681.4
Other revenues	159.9	129.3	191.8
	$ 8,263.5	$ 5,769.6	$ 3,480.4

Geographic Information

Revenues and long-lived assets by geographic region for the years ended and as of December 31, 2014, 2013 and 2012 were as follows:

	Revenues[1]			Long-Lived Assets[2]		
	2014	2013	2012	2014	2013	2012
U.S. and Puerto Rico	$ 4,473.0	$ 3,194.5	$ 1,885.8	$ 718.2	$ 592.0	$ 60.4
Canada	375.1	387.4	349.1	83.7	87.7	109.7
Poland	276.2	268.8	199.3	99.4	110.0	110.9
Russia	275.1	202.8	71.2	4.6	7.0	0.2
Japan	248.7	104.9	12.2	1.2	1.3	-
China	232.0	91.0	0.6	39.6	44.3	-
Mexico	221.6	200.9	167.4	73.8	82.5	73.9
France	204.7	86.9	2.5	36.0	40.5	-
Germany	204.4	130.9	1.9	73.5	83.8	-
Australia	196.3	178.2	184.1	4.4	3.4	4.4
Brazil	161.0	155.6	135.1	31.4	41.4	46.0
U.K.	114.2	47.0	19.2	11.0	12.2	-
Italy	98.0	37.2	2.3	23.1	25.3	-
Other [3]	1,183.2	683.5	449.7	110.6	102.8	57.2
	$ 8,263.5	$ 5,769.6	$ 3,480.4	$ 1,310.5	$ 1,234.2	$ 462.7

(1) Revenues are attributed to countries based on the location of the customer.

(2) Long-lived assets consist of property, plant and equipment, net of accumulated depreciation, which is attributed to countries based on the physical location of the assets.

(3) Other consists primarily of countries in Europe, Asia, the Middle East, and Africa.

Major Customers

External customers that accounted for 10% or more of the Company's total revenues for the years ended December 31, 2014, 2013 and 2012 were as follows:

	2014	2013	2012
McKesson Corporation	17%	19%	20%
AmerisourceBergen Corporation	10%	7%	8%
Cardinal Health, Inc.	9%	13%	20%

23. PS FUND 1 INVESTMENT

In connection with the merger proposal (which has since been withdrawn as described below) to the Board of Directors of Allergan Inc. ("Allergan"), the Company and Pershing Square Capital Management, L.P. ("Pershing Square") entered into an agreement pursuant to which, among other things, Valeant and Pershing Square became members of a newly formed jointly

Exhibit 5

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

[x] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2012

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _ to _

Commission file number: 001-14471

MEDICIS PHARMACEUTICAL CORPORATION

(Exact name of Registrant as specified in its charter)

Delaware	52-1574808
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

7720 North Dobson Road
Scottsdale, Arizona 85256-2740
(Address of principal executive offices and zip code)

(602) 808-8800
(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [X] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [X]	Accelerated filer [ ]
Non-accelerated filer [ ] (do not check if a smaller reporting company)	Smaller reporting company [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes [ ] No [X]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at November 5, 2012
Class A Common Stock $.014 Par Value	58,393,411 (a)

(a) includes 1,975,334 shares of unvested restricted stock awards

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We sell our products primarily to major wholesalers and retail pharmacy chains. Approximately 70%-80% of our gross revenues are typically derived from two major drug wholesale concerns. Depending on the customer, we recognize revenue at the time of shipment to the customer, or at the time of receipt by the customer, net of estimated provisions. We recognize revenue on our aesthetics products DYSPORT®, PERLANE® and RESTYLANE® upon shipment from McKesson, our exclusive U.S. distributor of these products, to physicians. Consequently, variations in the timing of revenue recognition could cause significant fluctuations in operating results from period to period and may result in unanticipated periodic earnings shortfalls or losses. We have distribution services agreements with our two largest wholesale customers. We review the supply levels of our significant products sold to major wholesalers by reviewing periodic inventory reports that are supplied to us by our major wholesalers in accordance with the distribution services agreements. We rely wholly upon our wholesale and retail chain drugstore customers to effect the distribution allocation of substantially all of our prescription products. We believe our estimates of trade inventory levels of our products, based on our review of the periodic inventory reports supplied by our major wholesalers and the estimated demand for our products based on prescription and other data, are reasonable. We further believe that inventories of our products among wholesale customers, taken as a whole, are similar to those of other specialty pharmaceutical companies, and that our trade practices, which periodically involve volume discounts and early payment discounts, are typical of the industry.

We periodically offer promotions to wholesale and retail chain drugstore customers to encourage dispensing of our prescription products, consistent with prescriptions written by licensed health care providers. Because many of our prescription products compete in multi-source markets, it is important that licensed health care providers' dispensing instructions are fulfilled with our branded products and are not improperly substituted with a generic product or another therapeutic alternative product which may be contrary to the licensed health care providers' recommended and prescribed Medicis brand. We believe that a critical component of our brand protection program is maintenance of full product availability at wholesale and retail chain drugstore customers. We believe such availability reduces the probability of local and regional product substitutions, shortages and backorders, which could result in lost sales. We expect to continue providing favorable terms to wholesale and retail chain drugstore customers as may be necessary to ensure the fullest possible distribution of our branded products within the pharmaceutical chain of commerce. From time to time we may enter into business arrangements (e.g., loans or investments) involving our customers and those arrangements may be reviewed by federal and state regulators.

Purchases by any given customer, during any given period, may be above or below actual prescription volumes of any of our products during the same period, resulting in fluctuations of product inventory in the distribution channel. In addition, we consistently assess our product mix and portfolio to promote a high level of profitability and revenues and to ensure that our products are responsive to consumer tastes and changes to regulatory classifications. During early 2011, we discontinued our TRIAZ® branded products and decided to no longer promote our PLEXION® branded products. During the fourth quarter of 2011, we acquired substantially all of the assets of Graceway for approximately $455.9 million in cash, after our successful bid at a bankruptcy auction. Graceway's commercial pharmaceutical product portfolio includes on-market prescription products and development projects primarily in dermatology and women's health specialties. Also during the fourth quarter of 2011, we closed the sale of our LipoSonix business to Solta Medical, Inc. for aggregate cash consideration of approximately $35.5 million and continuing milestone payments based upon the commercial success of the LipoSonix products.

In March 2012, we launched our alternate fulfillment initiatives. Currently, our SOLODYN® and ZIANA® branded products are participating in the initiatives. The alternate fulfillment initiatives are designed to transfer unprofitable prescriptions from the traditional wholesale and retail chain drugstore channel and improve the profitability of the brands. During the second quarter of 2012, as a result of our alternate fulfillment initiatives and the accompanying decrease in the number of prescriptions flowing through the traditional wholesale and retail chain drugstore channel, wholesale customers reduced their inventory purchases to better correspond to the reduced demand through their channels. This trend continued during the third quarter of 2012 as our wholesale and retail chain drugstore customers continue to adjust their inventory levels to better correspond to reduced demand.